

# THE ECONOMIC TIMES

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## New Industrial Development Policy

# Greater control

Ceylon's industrial policy will be reoriented to conform to the socialist objectives of the Government and the major role in the new industrial set-up will inevitably be played by the public sector. Accordingly, about 500 major industrial projects including textiles, paper, glass, industrial chemicals, machine tools and fertilizer have been selected for State investment.

This is revealed in the White Paper presented by the Minister of Finance along with the Budget proposals for 1971-72.

The report points out that the industrialisation policy hitherto followed has been "inward looking" based on a programme of import substitution in response to a captive market. The new policy will be export oriented or "outward looking".

### Fundamental goals

It is axiomatic that economic growth should be directed towards the achievement of certain fundamental goals and these will necessarily include a reduc-

tion if not the elimination of poverty, a more just distribution of the national wealth and optimum utilisation of the country's resources and ensure employment creation.

If the process of industrialization that has taken place during the last decade in the private sector is evaluated in terms of these criteria, it is difficult to state that it has helped in their achievement to any appreciable or significant extent. Indeed, in certain respects one may even be inclined to feel that these developments of the last decade have resulted in a disequilibrium in the economy even more pronounced than it was in the late 1950s.

The three areas that will receive priority consideration are the development of mineral resources for ferrous and non-ferrous metal industries, chemicals and agro based industries. The public sector will undertake several projects in the first two areas to achieve this objective. However, little or no attempts have been made so far to build up agro-based industries. In consequence, one of the most vital areas of potential development has been neglected. Immediate steps will therefore, be taken to develop this sector so that such agro-based industries will be able to support not only existing industries which are dependent upon agricultural inputs but also to establish new industries based on the agricultural sector.

### Main criteria

Both in the licensing of new industries and the allocation of foreign exchange resources

## UNEMPLOYMENT PROBLEM WORSENS

The problem of unemployment is not peculiar to Ceylon but is a phenomenon now experienced by both developed and developing countries

of the world. This problem has manifested itself in our economy for quite some time now and the failure to attain high rates of economic growth in the decades following our independence has aggravated its severity and complexity.

This is stated in the White Paper presented by the Finance Minister.

### Primary cause

The primary cause for unemployment in Ceylon, as in most developing countries, is the relatively low rates of economic growth attained in the past decades. In other words, new employment opportunities created through the process of economic development have been found to be woefully inadequate to absorb the net addition to the labour force.

Ceylon has experienced rapid increase in the labour force, averaging about 3 per

cent during the past two decades consequent on the acceleration of the rate of population increase experienced during the post-war period. The net addition to the labour force per annum has been about 120,900. (Contd. on page 12)

Watch out for the Special Supplement on Industrial Development in the January Issue of The Economic Times Sponsored by The President of the SMALL INDUSTRIALISTS ASSOCIATION OF CEYLON.

## Mounting debt servicing burden

The repayment obligations of loans which have been taken in the past are now beginning to claim an increasingly large proportion of Ceylon's foreign exchange resources. Thus the country must keep borrowing ever increasing amounts merely to service existing debts. So stressed the Minister of Finance, in the course of his Budget Speech.

The following figures depict the amounts that have to be set aside for servicing Ceylon's long-term and medium-term loans :-

Year	Principal	Interest	Total
	(Rs. million)		
1971	303	89	392
1972	327	92	419
1973	326	84	410
1974	467	74	541
1975	485	64	549

When short-term credits are included the amount of foreign exchange to be set aside in 1972 for scheduled debt commitments will amount to Rs. 766 million approximately.

## BUDGET ISSUE

to existing industries the need to reduce our dependence on imported raw materials and components, know how and expertise is imperative. As a matter of policy, no new industries will be licensed which are dependent entirely on foreign raw materials or components or where the local raw material content is less than 50 per cent.

Existing industries, which are of a non-essential character will have, as a matter of necessity, to run down their activities unless they can find local substitutes and reduce their dependence on imported raw materials or divert their production to export markets.

Simultaneously, the highest possible priority will be given to new industries which exploit local raw materials or those that are engaged in machine building or repairing or the manufacture of spares and components. The C.I.S.I.R. which is being reorganised and the National Engineering Research and development Centre which is to be established

shortly and the I.D.B. will play a vital role in this programme.

Far reaching legislative changes will be made to tackle the problems of concentration of ownership and economic power, the emergence of monopoly and the lack of a cohesive programme of development both within and between the different sectors of industry.

The proposed Sectoral Development Corporations will have power to plan the industries coming within a sector on the basis of a rational programme of development with a view to making the maximum use of installed capacities, local resources and the social and economic requirements of the people of this country. They will be vested with authority to participate, where necessary, in the capital structure of private industry or to appoint Government directors to the Board of private sector industries so as to exercise the necessary social controls in matters such as pricing policies, profits and dividends quality standards etc.

## Anti-capitalist programme

It is part of Government policy to expand the public sector. Towards the realization of this, the Government has taken over the ownership of Bogala and other Plumbago mines. In conformity with its anti-capitalist programme, it is proposed to expand the public sector to a greater extent than has been done in the past year.

The Government has in mind in particular those firms which enjoy a monopoly in their trade or service. Where it is necessary in the national interest some concerns will be taken over and in others the Government will acquire a controlling interest.

### Controlling share

In the first instance, it is not intended to nationalise some of these firms forthwith.

Government will take a controlling share of these organisations. This would be done in the case of those firms whose conduct and activities during the last year have not been calculated to further the national interest. There are a number of firms which have, by their policy, deprived the Government of valuable foreign exchange.

There are several firms which have by their conduct shown that they are out to thwart Government policies. There are firms which have hoarded goods and shown false figures. The Government is fully aware of these activities and would take early action to have a controlling interest in these firms to ensure proper conformity with Government policy.

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# MARKET PRICES

## COLOMBO

CLOSING PRICES 15-11-71

TEA (Rs. Cts Per lb.)

Approximate range of prices (including teas sold Ex-Estates)

	B. O. Ps		B. O. P. F.s	
High Grown :	Rs. 1.80	2.80	Rs. 1.67	— 3.00
	1 at 3.00	1 at 3.10	2 at 3.05	1 at 3.10
	1 at 3.15	1 at 3.20	1 at 3.20	
Medium-Grown :	Rs. 1.80	2.05	Rs. 1.63	— 1.80
Small Leaf Low-Grown :	Rs. 2.95	— 2.20	Rs. 1.67	— 1.78
Leafy Low-Grown :	Rs. 2.15	— 2.40		
Tea For Price :	Rs. 1.50	— 1.68	Rs. 1.48	— 1.58

F. B. O. Ps

F. B. O. P. F.s

Tippy Teas :	Rs. 2.25	— 2.50	Rs. 1.95	— 7.75
			1 at 7.90	1 at 10.00

## RUBBER

PRICES FOR THE WEEK ENDED 14.11.71

	(Rs. cts.—per lb.)		Avg to Same Period	
	Closing Quotations	Avg. to date	1971	1970
RSS No. 1	80 1/2		80 1/2	91 1/4
RSS No. 2	62 3/4		71 3/4	86 1/4
RSS No. 3	60 3/4		69 3/4	84 1/2

	Opening Price	Clos. Price
COPRA		
state copra No 1	193.00	195.75

	Opening Price	Clos. Price
COCONUT OIL (Rs per ton)		
November	1,300/-	1,300/-
December	1,300/-	1,300/-

	Opening price	Closing Price
DESSICATED COCONUT		
November	.54	.51
December	.51	.49

## PRICES OF THE WEEK ENDING 14.11.71

Commodity	Buyers Quotations	Export DUTY
	(Per lb)	
Cardamoms	12.50 — 14.50	40%
Cardamom Seeds	12.00	on true
Cloves	56.00	F.O.B.
Cloves Stems	5.50 — 6.00	value
Mace	15.00 —	
Nutmeg (Shelled)	5.00 — 5.25	
Nutmeg (Unshelled)	2.00 — 2.50	
Pepper (Black)	6.00 —	
Papain (White)	20.00 — 22.00	
Papain (Brown)	17.00 — 18.00	
Cinnamom H/1	3.05 —	40% on
Cinnamom H/2	2.85 — 2.90	true f.o.b
Cinnamom Quilings No 1	2.25 — 2.50	value
	Per Cwt.	Export Duty
Cocoa	169.00	Unquoted 40% on
Coffee	375.00	400.00 true f.o.b
Kapok (Clean)	150.00	value
Kapok (Unclean)	45.00	
Croton Seeds	100.00 — 125.00	
Essential Oils	Per 25 . op./bl.	
Cinnamom Leaf Oil	18.50 per 25 ozs	
Cinnamom Bark Oil	Per oz 21.00 per oz.	
Citronella Oil Estate Quality	Per lb. 8.15 per lb.	10% on
Citronella Oil Ordinary	Per lb 7.90	true f.o.b.

## SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 14.11.71

The undernoted quotations are the Wholesale Buyers Prices paid in Colombo and is maintained as a guide to the trade Every effort has been made to be as accurate as possible.

Cereals	(Per Bag 154/158 lbs)
	(Per bushel)
Paddy	13.00—14.00
Other varieties	12.00—
Rice Per Boiled	74.00—

## TEA REPORT

Auction No. 42 held on 15th and 16th November, 1971.

The total quantity offered was 7,276,582, lbs., comprising 3,670,278 lbs. Leaf Grades, 562,820 lbs. Dusts, 22,073 lbs. Reprints, 39,368 lbs. Sundry Lots and 3,004,116 lbs. Ex Estate. Western quality was slightly improved and there were a few brighter Invoices from the Uva District. God demand was shown for Mediums and most Uvas, but the higher priced Western High-Growns were mainly neglected.

**High-Grown Teas:** Best Broken were 20/30 cents and below Best 10/20 cents easier. A very few good liquoring teas maintained last prices. BOPF's followed much the same trend though there was slightly more demand shown. Leaf grades met better competition and improved on last prices.

**Medium-Grown Teas:** More interest developed by the end of the Sale, although the better Broken were irregular, others generally moved up 5/10 cents. BOPF's however, were irregularly easier. OP's and Pekoes were firm to slightly dearer.

**Low-Grown Teas:** These after opening firm to dearer for most grades, were barely steady at the close. Small and Long Leaf BOP's and BOPF's declined by about 5/8 cents at the upper level, while poorly manufactured sorts were irregular. OP's were still strongly supported while Pekoes were a little easier.

**Tippy Teas:** FBOP's were barely steady while small leaf Flowery Fannings declined about 10/20 cents. The attractive showy sorts were much easier.

## Commodity Commentary

**Off Grades:** There was a good demand a firm to dearer rates.

**Dusts:** There was good demand and all liquoring grainy types moved up by about 5/10 cents. Low-Growns and Secondary sorts were fully firm.

## RUBBER REPORT

Week ending 13th November, 1971.

Trade in World Rubber Markets showed welcome signs of activity this week. Improved covering demand for November RSS 1 in the Singapore Market resulted in an upward movement of values and China buying has been reported in RSS 2 to RSS 5. The steady tone of the market felt towards mid-week eased slightly at the close of the week under quiet and thin trading conditions.

Values in the London Market recorded appropriate gains in view of the steadiness in the East though conditions were said to be thin. Short-covering which provided much of the support was limited due to a reserve of sellers. Dealers were said to be watching the situation very closely focusing their attention especially on the forward months for a truer guide to the over all picture of the market which appeared to be unaffected by the reported Malaysian offer to take up the entire US stock pile.

Price levels in the New York Market were virtually unchanged though some activity in shipment RSS was reported. The International Longshore-

men's Association and the New York shippers' talks are still said to be continuing and some progress has been reported towards a possible settlement, in the near future.

On balance Singapore improved by 3.75 dollar cents whilst London remained unchanged.

**Sheet:** RSS 1 opened the week at 77 1/4 cents showing an improvement of 1 1/2 cents on the previous week's closing figure and in response to the stronger Singapore Market, improved rapidly latterly to close the week at 80 1/2 cents per lb. Approximately 95 tons of Sheet Rubber were sold by Members of our Association of which 84% consisted of No. 1 sheet.

A feature in the local market this week was the release of RSS 4 and 5 by the Department of Commodity Purchase from its future purchases as from 8th November. Initially this release covers the quantities declared to the Department by Shippers and still lying in their stores. Thus these grades now become available to the trade for local (F.O.B.) and/or overseas sale, but the price obtained would require the Department's approval. Further, such sales have to be concluded by 31st December, 1971 and be exported before 31st March, 1972. Tenders have also been called from interested parties for the purchase of ten lots of 25,000 lbs. of sheet rubber of undeclared grades which the Department wishes to dispose of.

(Contd. on page 13)

## Produce Report

Week ending 14th November 1971

**Cardamoms:** 9,935 lbs. of Cardamoms were offered, and increase of 3,336 lbs. compared to the previous week's total. With some of the main buyers

once again making purchases the market was firmer and No. 1 quality was quoted at Rs. 12/50 to Rs. 14/50 per lb. an improvement of ~50 cts. compared to last week's quotation. Next best grades also

Coutry Rice No. 1	88.00—
—Coutry Rice No. 2	86.00—
—Samba Rice	95.00— 98.00
—Kora Rice	110.00—115.00
—Maize	Per Cwt 32.00—32.50

## Pulses

	Per Cwt	
—Red Gram (Toor Dhal)	40.00	45.00
—Black Gram (Undu)	61.00	
—Bengal Gram	46.00	
—Green Gram	53.50	
—Bombay Cowpea	40.00	
Millets	Per Bushel	
—Finger Millet (Kurrakkan)	11.00—	11.50
—Sorghum	Unquoted	(per ton)
—Soya Beans	850.00	(per cwt)
Spices Condiment	Per lb.	
—Mustard	9.00— 9.50	
—Chillies	Per Cwt	
—Dired Long	340.00—	350.00
—Dired Round	Unquoted	
—Off Grade	"	
—Goraka	75/-	80/-
—Vinilla	Per lb.	
—Tamarind	Per cwt 120.00—	125.00
—Ground Nuts	Per 80 lb 68.00—	70.00
—Cashew	Per lb.	

improved proportionately to be quoted between Rs. 11/- to Rs. 11/75 per lb., whilst Off Grades remained at previous week's levels at Rs. 6/- to Rs. 8/- per lb. Bold well cured green Cardamoms fetched attractive prices with one lot of Deniyagama Special fetching Rs. 22/35 per lb. Seeds were slightly firmer and were transacted at Rs. 12/- per lb.

**COCOA:** Approximately 428 cwt. of Cocoa were offered an increase of 118 cwt. With the presence of a new buyer, a local Chocolate manufacturer these was a slightly better demand for good quality Cocoa which was eventually quoted at Rs. 169/- Nominal per cwt. Below best grades were at previous levels at around RS. 145/- per cwt. whilst darker and poorer sorts remained at Rs. 75/- to Rs. 110/- per cwt.

**PEPPER:** 612 lbs. of No. 2 grade Pepper were offered and with a better demand they fetched between Rs. 5/30 to Rs. 5/50 per lb. :

**CINNAMON:** 3,459 lbs. of Cinnamon Quills which were on offer were withdrawn due to lack of suitable bids.

**COFFEE:** 1 lb. of 1 cwt. of Arab ca which was an offer was withdrawn although a bid of Rs. 440/- per cwt. was received.



# Budget Proposals for 1971-72:

## PLANTATION SECTOR

The Government policy in regard to the plantation sector as envisaged in the Budget for 1971-72 is given below:

The Government continues to pursue a policy of purposeful intervention in the Plantation sector. Legislation is being fashioned to enable the Ministry of Plantation Industry to issue directives to Companies. The Ministry considers it necessary to ensure that estate companies are run on sound lines which will safeguard national interests.

In the apportionment of dividends, companies should, before arriving at distributable surpluses out of profits, provide for depreciation of fixed assets, and for replanting reserves for development purposes. At present, profit figures are over-stated for the purpose of remittances abroad and reserves are rarely provided for development purposes or for other contingencies. Consequently capital is repatriated with adverse effects to the national interest.

### Norms

Legislation is being framed under the Tea and Rubber Control Acts to provide for norms to be prescribed to estate companies with which they would be obliged to comply. These norms will cover matters as replanting, fertilizer application, manufacture, housing, and other development activities on tea and rubber estates. Although these plantations are national assets, making an overriding contribution to the economy, 47 per cent of tea and 21 per cent of rubber land are managed by Agency Houses.

A Royal Commission has now been appointed to determine whether they act in the highest interest of the economy. Further legislation would provide that no company is permitted to operate in Ceylon unless it is incorporated in Ceylon or it has obtained the permission to operate from the Ministry of Finance. Power will also be taken for the Government to

## BUDGET ISSUE

appoint Directors to the Boards of Companies. Provision will be made for the purchase of shares by or on behalf of the Government, and companies will be required to furnish certain essential data to the Registrar of Companies. Under the present procedure, Sterling companies are permitted to send remittances to meet what are called "Head Office Expenses." This means in fact that the Government is paying for the employment of personnel overseas when the same work could be done in Ceylon creating employment opportunities and eliminating the expenditure of foreign exchange. Pending the above legislation, I propose to disallow any such remittances as from the 10th of November.

### Replanting

Replanting schemes for both tea and rubber are under progress. Of the 45,000 acres of replanted tea, 28,000 are now in plucking and nearly two-thirds of the total rubber production of 156,000 tons in 1970 came from replanted areas. At the same time the need to introduce alternative crops in an estimated area of over 250,000 acres of uneconomical tea and rubber land has been felt. A feasibility study supported by the UNDP and FAO is now under progress. In the interest of re-vitalising the coconut industry, steps have been taken to form a Coconut Development Au-

## PLANTATION INDUSTRY

thority, which will integrate every aspect of the coconut industry including research, cultivation, processing and marketing.

### AGRICULTURE SECTOR

Agriculture was the only sector that increased its rate of growth in 1970; from 1 per cent in 1969 to 3.6 per cent in 1970. This indeed is fortunate since agriculture accounts for over one-third of the Gross National Product. Even a small fall in the growth rate of this sector has, therefore, a significant effect on our G.N.P.

The increase in this sector was almost wholly due to increased productive activity in paddy, subsidiary food crops and rubber. Paddy production estimated at 77 million bushels increased by 11 mill on bushels or 17 per cent in 1970; while the value of production of subsidiary food crops increased by 26 per cent. The increased production was especially marked in the case of pepper, chillies, potatoes and red onions. The production of rubber increased by over 5 per cent; this increase being chiefly due to an increase in the replanted acreage coming into bearing. In contrast, the performance of tea and coconut, especially the former, has been disappointing.

Tea production in 1970 was 3 per cent less than in 1969 and was a continuation of the downward trend that Ceylon has experienced since 1965.

The downward trend is attributable to finer plucking and reduced fertilizer application.

Coconut production estimated at 2,447 million nuts has increased by less than 1 per cent in 1970. Unfavourable weather conditions, absence of adequate progress in replanting schemes and reduced fertilizer application are the primary causes of his almost stagnant situation.

### PADDY

A State monopoly in the purchase of paddy is to be operated through the Paddy Marketing Board from 1972. This will eliminate the middlemen and speculative trading in paddy. Together with this scheme, a comprehensive system of agricultural credit will also be introduced in 1972.

It has now become the accepted policy of Government not to import any subsidiary food-stuffs which can conveniently be grown in Ceylon. As a first step the import of Bombay onions has been stopped. Next year no imports of red onions and chillies will be allowed. The Ministry of Agriculture is endeavouring to make Ceylon self sufficient with regard to these products. Every encouragement has been given, including enhanced subsidies, to the cultivators to embark on an intensive programme of cultivation.

## EXPORT INTELLIGENCE

### MARKET POTENTIAL FOR LOCAL CURIOS

Ceylon has so far neglected exploiting a vast market in the West for non-traditional exports from outside the plantation sector.

According to trade circles, there is a ready market in Britain and other European countries for curios like ebony elephants tortoise shellware, brass and copperware, lacquerware, porcelain figurines batiks and wooden masks.

India has cashed in on this demand for way out things from the new generation and is earning the colossal sum

of Rs. 3,000 million in foreign exchange annually.

### Superior

Trade circles add that Ceylon products are far superior to the Indian goods and compare favourably with any in the market. One snag, however, is that when the Ceylon product reaches the London or the continental market it tends to be rather expensive. This has been attributed both to the high cost of production and the cumbersome export procedure.

Trade circles therefore, hold the view that the Government should set up a separate de-

partment to handle such exports.

As regards the price they are of the view that a system of State subsidising the local costs would enable the sale of the product at a competitive price. These circles argue that the Government would make up for the local expenditure by the large amount of foreign exchange that would accrue to the country.

## Export Opportunities

The following foreign firms are interested in importing from Ceylon the products indicated below:-

M/s Parlorod,  
34, Champs Elysee,  
Paris, 8e, France.  
Pineapple juice  
M/s, Ernes W. Dubois,  
RED, 1, Norwich,  
Connecticut 06360, U.S.A.  
Chillie Sauce

M/s Trane Co. Canada Ltd.,  
1297, De-la Jonquiere,  
Quebec 8, Quebec  
Canada.

Footwear with supported vinyl  
and fabric uppers.

M/s Sand & Simon Inc.,  
38w, 32nd St.,  
New York 10001, U.S.A.  
Shirts and mixed fabrics

M/s S. P. Nygh, B.P. Bygh  
& Co.  
6th Floor, Lincoln House  
280, Pitt Street, Sydney  
N.S.W. 2000,  
Australia.

Prawns

## SHARE MARKET REPORT

Conditions on the Share Market continued to be quiet, according to the Report of the Colombo Brokers' Association for the week ended November 12, 1971.

	Previous Nov. 12		Price		
	Rs.	Cts.	Rs.	Cts.	Rs. Cts.
Teas					
Strathedens	6.75		6.75		
Tea-cum-Rubber					
Pine Hills	3.25		3.25		
Rubbers					
Kalutara Rubbers	9.00		10.50		+1.50
Commercials					
Browns	10.50		10.00		-.50
Reckitt and Colman	22.00		12.25		-9.75
E. B. Creasy	9.25		10.25		+1.00

There was no business in Preference Shares and Govt. Loans

The following were quoted ex-dividend:-

Ceylon Nutritional Foods Ltd.—7 1/2% Interim on 5.11.71  
Muller and Phipps (Ceylon) Ltd.—7 1/2% Interim on 5.11.71  
E. B. Creasy and Co. Ltd.—12 1/2% Final on 9.11.71.



The largest ever consignment of canvas footwear to Jeddah was exported from this country, when Bata Shoe Co., of Ceylon Ltd., Ratmalana shipped 20,400 pairs per s.s. "MALDIVE EXPRESS" recently.

In the picture Mr. P. Z. Baldik, the Managing Director and Mr. A. Fernandez, the acting Company Manager, are going through the papers of the shipment when the consignment started the first lap of the journey. The total Foreign Exchange earned by Bata Ceylon is Rs. 1,500,000 for 10 months in 1971.

The  
Economic Times

Remember  
to  
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See Order Form

on Page 13



## HAYLEYS LTD. ANTICIPATE DIFFICULT BUSINESS CLIMATE

The Report and Accounts of M/s Hayleys Ltd., in respect of the financial year ended 31st March 1971, was tabled recently. Excerpts of the Chairman's Statement are given below:-

### Accounts

"In my statement last year I indicated that it was extremely difficult for me to predict what the results would be when our financial year closed and I stressed that everything depended on the extent of restrictions imposed by the government on normal trading. I can only confirm that the year was not an easy one as regards trading conditions and I feel that shareholders should not be disappointed with the result disclosed in the Statement of Accounts. Although the turnover of our export department recorded a slight increase over the previous year, profits showed a marked reduction due especially to substantial increases in wages and to the rise of other expenses largely outside our control.

The re-introduction of rigid Import Control in May last year, created problems of considerable magnitude and it is certain that the return from our Import and Sales Department would have been very different had steps not been taken well in advance to ensure the establishment of new connections which to some extent offset the reduction in turnover consequent upon the cancellation of the Open General Licence Scheme of Imports. The Steamer Agency Department had a satisfactory year with earnings showing an improvement on those for the corresponding period in 1970, and once again this operation

made a worthwhile contribution to our profits. Whilst our Agricultural Spraying Equipment Division was able to achieve an increase in turnover we were unable to attain satisfactory profit margins as during the year we were faced with rising costs, both in raw materials and wages.

### Subsidiaries

Although I stated last year that there were absolutely grounds for optimism as regards the results which would be achieved by our subsidiary in Galle, Chas. P. Hayley & Co. Ltd., it is nonetheless disappointing to me to have to confirm this prediction was fully justified. For some years now the profit accruing from handling an ever increasing volume of sheet rubber for shipment from Galle has been an important factor in determining whether the Company can prosper. During the year under review the Commissioner of Commodity Purchase continued, despite representations, to pay a handling charge for sheet rubber which was altogether inadequate, bearing in mind increased costs and the bank interest which had to be paid as a result of excessively large stocks of certain grades of rubber lying in our stores for weeks on end due to the non-receipt of shipping instructions from the Department of Commodity Purchase and it is therefore hardly surprising that profits from our operation in Galle were considerably lower than in recent years.

The results achieved by Haychem Limited, our subsidiary which formulates crop protection, house-hold and public health chemicals, cannot be considered satisfac-

tory despite our efforts to reach a level of optimum production and maximum sales. Although the preferential rate of Foreign Exchange Entitlement Certificates on competitive imported finished products was removed towards the latter part of the past financial year the Company continued to operate at a disadvantage since it was required to pay business turnover tax at 5% as against 1% on imported products. Following the fiscal measures introduced in the last Budget, the position was further aggravated by the removal of the duty on imported competitive products and the increase in Customs duties applicable to raw materials required for local formulation.

### Taxation

Provision has been made for the payment of income and dividend tax totalling Rs. 1,744,000/- which amounts to 72% of the net profit before taxes. Included under the charge for taxation is a sum of Rs. 314,000/-, which represents the proposed increase of 10% in the income tax rate applicable to the year of assessment 1970/71. This increase in the tax rate, we are advised, is in respect of only one year of assessment and has been presented as an alternative to the Compulsory Savings Scheme from which Limited Liability Companies were excluded:

### Dividend

It is the recommendation of the Directors that a final dividend of 7 1/2% on the Ordinary Share Capital should be paid, which together with the Interim Dividend of 7 1/2% paid in May 1971, will result in a total dividend of 15% in 1971, the same total as in 1970.

## Company Meeting Reports

### Prospects

As these are far from normal times for anyone operating in the Private Sector in Ceylon, it would be hazardous for me to make any forecast of results for this year, but nevertheless tradition demands that I should give some indication of current trading. Conditions in the field of export, in which the Company is engaged, are similar to those obtaining at this time last year, but abnormal weather conditions early this year, followed by the island-wide emergency, has resulted in a decrease in the level of production and for these reasons, it is not possible to hold out hopes of improved results in the immediate future.

The return from our import business will again be dependent on the availability of import licences and in view of the present difficulties with which the country is confronted over foreign exchange combined with the declared policy of the government for the State takeover of certain lines of import, there are bound to be, before long, periods of considerable anxiety for all participating in the import trade. Our Steamship Agency Department's opportunities of contributing to our profits, it is hoped, will be at least on the same scale as that of the preceding year. In so far as the manufacture of agricultural spraying equipment is concerned, estimated results for the first five months of our current financial year indicate that the turnover of this department will continue at a satisfactory level and although every endeavour is being made to combat enhanced cost of wages and saw materials by increased efficiency it may be necessary, during the year, to

seek modest increases of selling prices.

Turning to the question of profits likely to accrue during the current year from our Galle subsidiary, Chas. P. Hayley & Co., Ltd., I would naturally wish to be able to hold out hopes of improved results, but much to my regret it is not possible to do so and I must, in fact, warn shareholders that extremely difficult times lie ahead as in the current year the full impact of substantial increases in wages will be felt. Efforts to effect economies which might soften this blow will, of course, be intensified. In the case of Haychem Limited, I must make it clear that there are absolutely no grounds for optimism as regards the final outcome and that it would be a remarkable achievement if profits of that subsidiary at the end of the year were anything higher than those for 1970.

At the present juncture all I can do is to advise shareholders that the estimated profits for the first five months of the current financial year are not substantially beneath the profits for the corresponding period of the previous year.

It has been possible, with the concurrence of the Ministry of Industries and Scientific Affairs, to negotiate with a well known overseas manufacturer possessing the necessary technical know-how a collaboration agreement for local manufacture of activated carbon for export. Preliminary work in connection with the import of the necessary machinery for this project is now in hand.

## SCIENCE AND TECHNOLOGY

### NEW WATER PURIFICATION PROCESS

Hitherto water purifying installations have been rather expensive and relatively little result has been achieved with them. Now a new Hungarian patent will considerably promote the solution of the problem.

The advantage of this process, according to calculations, is that the building costs of one plant are by 30-50 per cent and the cost of operation by 40-70 per cent lower than that of the traditional process. The technological procedure is fully automated and is suitable for floating out 85-90 percent of nitrogen content, and 85-95 per cent of phosphorus content of polluted waters.

There is already vivid interest for this process abroad. Several West German and

U.S. firms have asked for detailed information about the new invention.

### AUTOMOBILE OF THE FUTURE

Scientists and specialists from the USSR, Czechoslovakia, and Bulgaria met recently in Yerevan, the capital of Armenia, to discuss questions connected with the designing of electro-mobiles and their outlook for the future.

Experimental models of electric-traction cars capable of developing a speed of up to 65 kilometres per hour have already been built in the Soviet Union. In the next few years it is planned to build electromobiles in the Soviet Union to be used in major populated areas and health resorts. (APN)

### A kettle to make gypsum plaster

The Central Building Research Institute a Roorkee has developed a design of a kettle to manufacture plaster of paris or gypsum plaster.

The advantage claimed for this new design is that it is amenable to much better controls and has high thermal efficiency. The present practice is to manufacture plaster of paris in open mild steel pans and in this process, it is said lot of heat is wasted and

## New heart valve offers hope of normal life

A completely new type of artificial heart valve which could revolutionise existing heart surgery techniques and offers new hope of a normal life for heart sufferers has been developed by British scientists.

The new artificial valve closely resembles the natural human heart valve and the principle on which it works

quite different from that of existing artificial heart valves in use throughout the world.

It has been developed by a team of scientists at Oxford. Instead of being a ball-type which snaps shut like a skindiver's snorkel, the Oxford valve is overlapped by three finely-textured flaps or cusps.

The valve has not yet been tried out on human patients, because difficulties with materials have to be overcome, but experiments with animals have been highly encouraging. Two goats implanted with the new valve are still in good health after more than nine months.

The idea for a new valve was born three years ago when experiments established ideas about how blood flowed through the natural aortic valve.

Dr. Brian Belhouse, leader of the Oxford University engineering department team which devised the new valve, worked with his father, Mr. Francis Bellhouse, an engineering department assistant design engineer, on building models of an aortic valve which they coupled to a laboratory heart simulator.

They were able to show that the key operating factors were three mysterious cavities in the valve wall whose function

had until then been unknown. Eddies created by the blood stream flowing around these cavities caused the valve to close gently, without setting up any harmful turbulence.

The two goats were operated upon by Mr. A. J. Gunning, thoracic surgeon at the Nuffield Department of Surgery. One received its artificial heart valve nine months ago, the other 11 months.

### Significance

In addition to these tests, valves made at the Oxford laboratory were implanted in calves at Hammersmith Hospital. Two of the valves survived for more than six months. No anti-coagulants were used in either series of experiments.

The significance of the survival rates is that with any other type of artificial heart valve the animals would inevitably have died within days, or at most weeks, without constant treatment by anti-coagulant drugs.

The main problem still to be solved is the tendency for the valve to stiffen as is gradually absorbed substances from the blood. Dr. Bill Haworth, the team's materials specialist, is trying to find a less absorbent plastic which would still retain the flexibility and biological compatibility of the present material.



# Deficit financing to be curbed in India

New Delhi.

The Government was determined to limit deficit financing this year to a reasonable level and take measures to ensure better distribution of essential commodities in short supply, Finance Minister Y. B. Chavan said, last week.

He told the informal consultative committee of his Ministry that the Essential Commodities Act would, if necessary, be extended to cover more items.

Mr. Chavan, who was winding up a discussion on the price rise, said deficit financing of both the Centre and the States amounted to Rs. 350 crores in the first six months of 1971-72 (April-September).

The price rise in the year ending Sept. 25, 1971 was 5.5 per cent.

Though the budget estimate of deficit financing of the Centre and States in 1971-72 exceeds Rs. 550 crores, the deficit at the end of the year might be much less, taking into account the economies planned and the realisation of tax arrears along with larger market borrowings and small savings.

Mr. Chavan hoped that with the general accord reached with the Chief Ministers on fiscal discipline and resource mobilisation in certain areas,

the government would be able to moderate the order of deficit financing originally envisaged.

## JAPAN LEADS WORLD IN OUTPUT OF TWO-WHEELED VEHICLES

Tokyo

Japan has retained the position as the world's top maker of two-wheeled vehicles—Motorcycles, scooters and mopeds—since 1960 with production in 1970 totalling 2,948,000 units, of 14.5 per cent more than in the previous year.

Japan's output topped that of France, now ranked second in the world, by more than 1,000,000 units, according to industry circles. Half of the motor-cycles, scooters and mopeds produced in Japan are being exported abroad, mostly to the United States.

Last year, shipments to the U.S. increased drastically by 107 per cent over that of 1969. This meant that 73 per cent of the two-wheeled vehicles exported last year were shipped to the U.S. A large number of the two-wheeled vehicles also are being exported to Taiwan, Indonesia and South Vietnam. In addition, exports are being made to various countries in Europe, Latin America, Africa and Oceania.

The favourable export situation is being attributed to the motorcycle boom in the U.S. and other advanced industrial nations in Europe. It also is attributed to efforts made by makers to put out new models conforming to the taste of the users. Industry circles fear, however, that the new U.S. economic measures announced by President Richard M. Nixon would seriously affect shipments to the U.S. in the future.

## HUNGARIAN BOILERS TO GDR

Budapest

Eight and a half million roubles is the value of the deal signed by TRANSELECTRO Hungarian Trading Company and the Hungarian Shipyards and Crane Factory on the one side, and the GDR firm AHB Industrieanlagen Import, on the other.

Under the agreement the Shipyard will design and manufacture a boiler of 4 times 220 tons/hour capacity for the Bitterfeld Chemical Combine. The equipment will be assembled and put into operation by Hungarian specialists. The boilers are designed to utilize the GDR's natural gas of low calorific value and to provide the chemical combine with steam.



## INSTRUMENT MANUFACTURING COOPERATIVES.

Budapest

The cooperatives belonging to the instrument and engineering artisans' cooperatives who had exhibited their products at this year's Budapest International Fair, have now drawn the balance of their deals. While in the past year they booked a business of 245.4 million forints, this year's business totalled 375 million forints. Within this figure: foreign deals amounted to 3,764,000 roubles and 351,000 dollars.

The Telecommunication Technique Cooperative may boast of a particular success, having concluded deals valued at 1,250,000 roubles with the Soviet Union. The cooperative supplies various TV measuring, checking and registration instruments; industrial TV chain and peripheral (auxiliary) equipment for computer programming. Another \$15,000 deal was closed with a Greek firm for industrial television systems and other supplies ranging at 20 million forints.

The contracts concluded by MIRKOZ Cooperative Society related—almost without exception—to 15 new products: including garage equipment, complete sales counters and various test-benches for injection pumps and other automobile test benches. These items will be supplied—among others—to the USSR, Czechoslovakia, Romania and the German Democratic Republic. The total volume of the agreements amounts to 115 million forints.

Considerable deals were finalized also by the VISZEK Electrical Apparatus Co-operative with Soviet and Bulgarian firms: the cooperative will supply garage installations worth 150,000 roubles for its customers. For the first time, this cooperative has concluded a deal with a Peruvian firm which is valued at \$9,000.

increased, on a yearly average, by 8.7 per cent.

We might also mention the more-than-average growth rate of the pharmaceutical industry which has more than doubled its output since 1960.

Apart from the extension and modernization of the additional branches of major significance in the GDR chemical industry, such as the Leuna-Werke "Walter-Ulbricht"—with its 30,000 employees the biggest industrial enterprise—the Buna-Werke (synthetic rubber), the Fardben fabrik Wolfen (dyes), the Elektrochemisches Kombinat Bitterfeld (electrochemical products) as well as the world-renowned Filmbfabrik Wolfen (films), new plants have been erected, such as Leuna II, the Chemiefaserkombinat Guben (synthetic fibres), the Petrochemisches Kombinat Schwedt (petrol chemistry) which is linked via a 3,000 kilometre-long pipeline with the oil fields of Kuibyshev in the USSR.

## MORE ON-THE-SPOT AID

Bonn

More on-the-spot foreign aid co-ordination in the developing countries, is present.

In reply to a parliamentary question recently, Erhard Eppler, the Minister for Economic Co-operation, said the chief responsibility for such co-ordination would lie with the developing countries themselves.

Eppler added that foreign-aid projects would still be carried out in collaboration with the industrialized nations. The possibility of other projects would continue to emerge from consultations with the World Bank, the European Communities (EEC) and at a bilateral level.

In general, Eppler said, the donor nations co-ordinated their aid in international organizations and a multilateral meeting. Bilateral co-operation was also carried out under the terms of the Franco-German treaty, he pointed out.

## AHEAD: MORE EXPORTS, RISE IN IMPORTS

Looking ahead, statisticians predict that the Federal Republic of Germany's industry will become even more export-minded as the century grows older. In turn this will mean an increasing German concern—from grounds of self-interest among other motivations—with prosperity among trading partners the world over.

The "export quota" (proportion of goods exported) of industry as a whole has risen from 8.2 per cent in 1950 to 19.8 per cent in 1969. If the tendency continues, most industrial branches will have an export quota of 23 per cent in 1980 and fully 25 to 26 per cent by 1990.

# INDUSTRIALIZATION IN THE G. D. R.

The GDR is a highly-developed modern industrialized country with a mechanized and intensive agriculture. With her population of 17 millions, the GDR holds the 31st place, according to the size of her territory she ranks 92nd, while measured by her industrial production she is one of the ten leading industrial countries in the world.

UN statistics show that the GDR has, since her foundation, been among the countries with the strongest and most consistent economic growth. The volume of industrial production surpasses that in the whole of Germany in 1936. For the first time in 1969, the national income produced in the GDR surpassed 100,000 million marks, which is nearly four times as much as in the GDR's foundation year.

## STATE PLANNING

The national economy of the GDR and all other social spheres are developing on the basis of state planning which means that the national economy of the German Democratic Republic is a socialist planned economy. The economic system of socialism combines centralized government planning and the control of all basic elements of social development with the responsibility of the socialist commodity producers and the local authorities.

Just as in all other industrial countries, the scientific-technological revolution is a challenging process with many new and additional tasks in the GDR, too. For this reason those economic branches are given purposive priority in the GDR which in view of the national peculiarities

such as lack of domestic raw materials, high standards of the processing industry—are of crucial importance for the continued upward development of the national economy. They comprise the chemical industry, the metallurgical industry, the second processing stage, mechanical and electrical engineering and electronics; their products are of major significance for the continued stream-lining and automation of production. Other leading industries in the GDR are scientific apparatus construction, the process instrumentation and control engineering as well as electronic data processing. Consequently, the greatest part of the investment funds goes to these key-industries. Between 1960 and 1969, some 200,000 million marks were invested; half of this amount was spent on the construction of new factories and the stream-lining of existing works. In the course of 1969, investments had increased by approximately 90 per cent from 1960, while the proportion of equipment even rose by about 200 per cent.

With a share of roughly two thirds of the produced national income, the GDR industry holds a leading position within the national economy.

The GDR mechanical engineering industry has scored international success. This includes the invention of the MALIMO-machines with their revolutionary stitch-bonding technique which makes a twentyfold productivity possible compared with traditional processes.

## Characteristic Feature

A characteristic feature of GDR industry is the production of complete industrial plant which has been successfully developed as a result of close co-operation among the various industries. Up to 1 1970 VEB INEX as general designer and supplier of complete industrial plant delivered 270 industrial plants to 24 countries, e.g. a complete meat processing combine to Ulan Bator, cellulose and paper combines to Bulgaria and Rumania.

The associated companies of the VVB TAKRAF delivered in the last 20 years 115 complete plant for open-cast mining and 55 complete briquetting factories.

A special focal point is the construction of chemical plant. In recent years the chemical plant industry alone marketed 20 new and further-developed plants for chemical processes.

## Chemical Industry

The chemical industry is the second largest industry in the GDR. Its gross production doubled from 1960 to 1969. As to per capital production the GDR chemical industry occupies the 3rd place in the world. Whereas in the past lignite and other domestic raw materials provided the basis for chemical production, a decisive structural change is at present taking place towards mineral oil processing as well as in favour of the synthetic fibre, the plastics and pharmaceutical industries. From 1960 to 1969 the production of plastics an synthetic fibres rose, on an average, 1.5 to 2 times faster than the whole production in the chemical industry which

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# The Employment Service and economic development

An employment service or some form of employment exchange is found in most "developed" or "developing" countries today. Such a service usually is not found in "undeveloped" countries or countries not involved in economic development. These national employment services or employment exchanges are of relatively recent origin even in economically advanced countries. They came into existence there to meet the need for effecting some organisation of the complex and dynamic industrial employment markets which emerged following the industrial revolution. The primary service offered was, and still is, placement; i.e., bringing together in an organised way the employers who wish to hire workers and the workers who desire employment.

As these employment services grew and matured, corollary and highly useful related services were added to strengthen and make more effective this function of placement. The employment services were pioneers in occupational analysis and classification and codification of jobs, primarily as a means of doing a more effective job of placement and later as an "export" to other sectors of the economy. In the same way employment market analysis and information services emerged and for much the same reasons, as did the placement-related services of employment counseling and aptitude testing.

The origin of the employment services in the "developed" countries would indicate that employment services are needed only when economic and industrial development of a country reaches the point where the complexities of the employment market requires such special machinery; it would also indicate that after that point is reached they become essential to the establishment of an orderly employment market. Experience in developing countries points to the same conclusion. A primarily agricultural economy in a country with few skilled and specialized workers whose work force readily finds their jobs through traditional methods has no need for an employment service. If such a country embarks on an economic development program and that program is successful, it will at some point in development reach the point where the job structure and the employment market become more complex and some better organized employment market is needed so that an employment service is required.

Most developing countries today have programs of planned economic and social development, with man power planning an integral part of such development planning. These plans often include those for establishment for an employment service at the point it is determined necessary. The need for establishment of an employment service depends on such things as the size, number, complexity and effectiveness of the present employment markets; the present stage of economic development and immediate prospects of further development. It includes such things as the extent of industrialisation, the number and kinds of workers employed in industry, the size and number of employing establishments, size of urban areas and characteristics of the unemployed.

The determination that there is a need for an employment service has apparently been made by Ceylon and concurred in by the UN, and the ILO. It would certainly appear to meet the usual criteria for

of the different countries include:

- \* The services of the national employment service are available to all workers and all employers who desire such services and are available without charge.
- \* The employment service selects and refers workers to job vacancies solely on the basis of the worker's qualifications for the job in question (Except as it may be required by law to observe need as a qualification in employment on legally specified public works initiated for work-relief purposes).
- \* It does not, in referring workers to employment, discriminate against applicants on the grounds of race, colour, sex or belief.
- \* It observes strict neutrality in case of employment available in an establishment where there is a labour dispute.
- \* It does not refer workers to employment in which wage; or conditions of work fall below the standard defined by law or prevailing practice.
- \* It should co-operate fully with the government and non-

profits groups concerned with placement of workers so that the placement activity is merged into one organized employment market and not a number of separate markets.

### Functions

#### 1. Placement;

This is the best known of the functions of the employment service and might be considered by many as its primary function. Placement includes recruitment of workers, securing of jobs orders, interviewing of workers for placement referral to to job openings and acceptance for hire by the employer. It consists of organising the employment market so that there is a central exchange through which employers may obtain (through selection from all labour available at that time) the particular workers best qualified for their job openings. Conversely, it provides a central exchange through which workers may have access to and be considered for all jobs for which they are qualified. This not only effects great savings in time and efforts to both employer and workers, but effects still greater savings from the proper matching of worker and job so that the capability of the man fit the job requirements. In addition

to its own direct placement function the employment service co-operates with other government and non-profit groups concerned with placement and provides them with technical assistance and information.

#### 2. Employment Market Information;

Another function of the employment service is collection and dissemination of employment market information.

By: **MERRILL E. WEIR**  
(I.L.O. Expert on Employment Services)

ment market information. Some of this information is a by-product of the employment service placement operations (applications taken, job openings, referrals, placements etc.) and the information concerning those operations need only be recorded, reported, analysed and distributed. The occupational classification system and industrial classification used in activities concerned with placement of workers assist greatly in providing information on the employment market in readily usable form in the same terms used by the planning agency and others concerned with employment and development.

The relationship with employers and employees established in operation of the employment service makes it possible to readily collect other necessary employment market information through continuous special surveys and statistics and this is normally an important function of the employment service. The employment service may obtain, assess and disseminate information which has already been collected by

government bodies or groups such as labour union employer associations, special committees of other groups. All of the above employment market information is by the employment service itself in planning and operation of its various activities; it is also provided to government and outside groups for their use in economic planning and operations.

Employment market information collected may in but is not limited to such as;

(a) Current and prospective labour requirements

## Opportunities for small Industrialists :

### MANUFACTURING PROCESS

For many years the traditional raw material has been 60% natural rubber concentrate preserved with approximately 0.7% ammonia. This is normally prepared by centrifuging of field latex. Creamed latex concentrate as well as low ammonia centrifuged latex may also be used.

The process is based on the Dunlop process in which foaming is done by mechanical incorporation of air into latex compound, followed by the addition of a delayed action gelling agent which allows time for the fluid foam to be shaped before it gels. The wet gelled foam is then vulcanised washed and dried. The steps in the manufacturing procedure are as follows;

- Deammoniation of latex
- Preparation of compounding ingredients
- Initial compounding with vulcanising agents frothing agents and antioxidants
- Maturation
- Further compounding with vulcanising agents frothing agents, secondary gelling agents and fillers.
- Foaming
- Addition of zinc oxide and gelling agent
- Foam refining
- Moulding and gelation
- Vulcanising
- Washing and drying

### PREPARATION OF COMPOUNDING INGREDIENTS

Compounding ingredients are added to latex in dispersions or solutions, and the water used for dispersions should be soft or distilled water. Some materials can be

dispersed merely by stirring with water containing dispersing agent. Other materials however, require actual grinding of the particle and for this purpose ball or pebble milling is necessary. However, some of the materials are available today in dispersion;

### BALL MILLING

A ball mill consists of a cylindrical container half to two-thirds filled with a grinding charge and capable of being securely sealed. The container is rotated about its cylindrical axis in a horizontal plane at such a speed that the charge is tumbled. The charge normally consists of unglazed porcelain or glass balls and flint gravel or pebble can be substituted for this Gravel which passes a 1.5 cm. mesh and retained by a 0.3 m. mesh may be used.

The inner surface of the container should be similar in hardness to the grinding charge and chemically inert to the materials introduced.

The mill is charged with the solid to be dispersed, water and wetting and dispersing agent until the gravel are just covered. On discharging the mill after grinding some of the dispersed paste will adhere to the charge but if further patches of the same dispersion are to be made, negligible loss is incurred.

The ratio of water to solid matter in the paste should be such, as to render the contents sufficiently fluid to tumble as the mill rotates.

The rate of grinding by the mill is related to the diameter of the container. If the mill rotates too rapidly, centrifugal

force will cause the charge to adhere to the container walls and no grinding results.

Internal diameter of mill container	Suggested speed of container
cm.	rpm.
10	93
15	76
20	66
25	59
30	53
38	48
46	44
53	41
61	38

After grinding the mill may be discharged by covering the outlet with a piece of metal

## LATEX FOAM RUBBER

gauze to retain the pebbles in the mill. The milling period on a given material depends the physical characteristics of material and the state of grinding required. A few hours milling will suffice for clays and soft material.

	hrs.
Sulphur (medium grind)	48
(fine grind)	72
Zinc oxide	18
Antioxidant	24
Accelerators	24
50% Dispersion of a solid compounding ingredient	
Insoluble solid	50.0
Dispersing agent	1.0
e.g. (Dispersal LN)	
Water	49
	100.0

### COMPOUNDING AND MATURATION

Compounding is done in stages. The compound may be split into six parts. (See for-

mulation). The ingredients in part I is mixed into latex and this may form the part of latex mix required for day's operation. This procedure would eliminate errors in weighing of ingredients separately. partially compounded is now allowed to mature about a day at a temperature of 30-36 C with gentle agitation. This is to control the variation in hardness and shrinkage of the product.

NOTE: In certain cases high ammonia latex is moniated to about ammonia before or after the addition of ingredients but often ammonia is off readily during heating stage. Deammoniation can be done by blowing over the surface of whilst it is being stirred.

### ( Part II )

Low ammonia latex does not require deammoniation

### FOAMING AND GELING (BATCH PROCESS)

Batch foaming is recommended for small production units or when miscellaneous products of varying degrees of hardness and/or colour are required. A batch of part I of compound is weighed, strained and mixed. Part II (soap) is added, followed by any fillers (clay, etc.) part III. It is advantageous to add fillers dry. The mixture is then foamed by stirring with a wire cage. The machine employed is similar to that of a cake mixer. Special feature of a beat wire whip is that it is a wire whip which travels through the latex surface fast to create a void behind it. This fills with air, and a large bubble is trapped as the latex is over the top. Subsequent



cluding number and kind of workers required, classified on an industrial, occupational and area basis.

(b) Current and prospective labour supply, including the number and type of workers classified by occupation, industry, age, sex and area.

(c) Factors affecting the level and character of employment.

(d) Causes and incidence of unemployment.

(e) Vocational guidance in relation to placement.

(f) Placement and employment problems of special groups such as youth, disabled, low income groups, older workers, etc.

(g) The regularization of employment.

In some developing countries the collection of employment market information has been the first function assigned to the employment service, (even before placement) and the first assignment of a newly formed employment service has sometimes been to collect the employment market information needed for economic development planning.

### 3. Occupational Analysis and Classification;

Another important function is occupational analysis and classification. The relationship of this function to place-

ment is clear as the occupational classification system is a valuable and critically important tool for placement. Although a basically rural economy with a simple industrial structure, a simple employment market and few skilled jobs does not require such a classification system, it becomes important as the economy develops and industry and the employment market become more complicated and complex. When development reaches a point where there is in a large employment market area, a large number of applicants with a wide variety of skills and a number of larger employers in different industries employing numerous workers at a wide variety of skilled occupations, the only practical and effective way of matching applicants and job openings is that of first classifying both applicants and job openings and assigning each an occupational classification and code number.

At about the time an occupational classification system becomes essential in the placement of workers it is also becoming essential or extremely valuable for other purposes, such collection of needed manpower information for planning purposes, determining training needs and setting up vocational training programs and by employers themselves.

Contd on Page 8

## U. S. TRADE & INVESTMENT POLICY (II)

The commission believes that the time has come to begin immediately a major series of international negotiations:

● To cope effectively with urgent international economic problems; and

● To prepare the way for the elimination of all barriers to international trade and capital movements within 25 years.

The negotiations should be launched at the highest political level through a joint initiative by the United States, western Europe, and Japan. A high-level international steering Committee should provide direction and thrust to the negotiations and monitor their progress.

We welcome the recent agreement to establish a high-level study group on trade problems in OECD as a step in this direction. We would hope that this initiative would be broadened to include investment and payments matters as well.

The ultimate goal should be to achieve for all people the benefit of an open world in which goods and capital can move freely. Two concurrent and parallel efforts should be initiated immediately

include subjects of priority importance to them.

Progress on each of these immediate problems seems essential to the development of a consensus in the United States in support of the goals sought in the longer-term negotiations.

Issues for the longer term. Concurrently with the negotiations on the immediate problems listed above, longer-term negotiations, looking inward the progressive reduction and eventual elimination of barriers to trade and investment, should be initiated. These negotiations should be different in several respects from those of the past.

(4) They should be comprehensive in scope. Unlike past negotiations, they should not be confined to tariffs, or even to trade problems in a broader sense. They should also encompass foreign investment and measures to improve the balance-of-payments adjustment process.

(5) Reciprocity should be conceived in terms of the whole set of negotiations rather than as an objective to be achieved within self-contained compartments of trade, investment, or finance. In some cases, of course, it may be possible to arrive at mutually advantageous solutions with in specific industrial sectors, and efforts should be made to find such solutions. On the other hand, in many cases a country will have to give more than it gets in one sector or functional area, and recoup by securing an equivalent advantage in another.

### Areas for negotiation

The principal areas for negotiation should include the following:

—**REFORM OF THE INTERNATIONAL MONETARY SYSTEM:** Effective foreign trade and investment policies cannot be sustained in the absence of full currency convertibility and a well-functioning international payments system. In recent years, the world has experienced several international currency crises. A major task of the present decade is to develop a more responsive system of exchange rates to correct international imbalances which prove intractable by other means. We need a system which allows the changes in rates to be made in a more timely fashion. This would avoid the disruptive and costly speculative capital movements which have preceded most postwar changes in major exchange rates. Unless exchange rate changes can be made more timely, the open international economic system which has contributed so much to the present world prosperity is in danger of being damaged by tight controls over capital movements and increased barriers to international trade. All would lose by so fragmenting the world economy.

—**AGRICULTURE:** High priority should be given to the serious problems of agricultural trade, which have not been resolved in past trade negotiations. We believe the time is ripe for a concerted international effort to deal with all aspects of the prob-

Further Excerpts from the text of the Summary on the Report of the U.S. President's Commission on International Trade and Investment Policy. (concluded).

lems including, in particular the levels and techniques of Agricultural support. Our main objective should be a substantial reduction in the high levels of support and protection of the European community. The United States should be prepared, in turn, to improve the terms of access to its markets for imports of Agricultural products in which other countries have a comparative advantage.

—**PREFERENTIAL TRADE ARRANGEMENTS BETWEEN THE EUROPEAN COMMUNITY AND NON-MEMBER COUNTRIES:** The United States should oppose arrangements inconsistent with the requirements of Gatt such arrangements deny us Market access on a nondiscriminatory basis, and we should take appropriate steps both to prevent their proliferation and obtain the elimination or phasing-out of existing ones.

In the interim, the United States should insist upon compensation in the form of trade concessions on a most-favored-Nation basis, benefiting in particular those U.S. Exports which are adversely affected by the arrangements.

—**NON-TARIFF DISTORTIONS:** Despite the tariff reductions of the last two decades, U.S. Industries continue to meet difficulties at home and abroad as a result of foreign policies, practices, and institutional arrangements which distort competitive conditions to our disadvantage. Among these problems are technical, health and safety Standards; subsidies and tax-exemptions for domestic industries; Tax incentives and special credit facilities to promote exports; and remaining quantitative restrictions. We should recognize, on the other hand, that a number of U.S. trade barriers are of concern to our trading partners. International agreements to reduce such barriers and distortions to trade are both necessary and feasible.

—**PUBLIC PROCUREMENT POLICIES:** U.S. preferences for domestic producers are more visible than those in most other countries; our rules are published for all to see. We must work toward an agreement under which all governments make their procurement policies explicit and public, and where all agree to reduce the degree of preference to a uniform low level. We should deny access to public procurement in the United States to countries which do not adhere to such agreed rules.

—**Export Subsidies:** A pressing need exists for international action to discourage the subsidization of exports through the credit and tax systems. Rules should be developed, in particular, to limit competition in Government-supported export credits. At the same time, the United States should take more vigorous action to enforce its countervailing duty and Antidumping Laws.

The ingredients of mixed into latex—may form the bulk mix required for a operation. This process would eliminate any weighing of each ingredient separately. The compounded mix is allowed to mature for day at a temp. 200 with gentle agitation control the variation and shrinkage of

In certain climates ammonia latex is deamed to about 0.2% before or during addition of ingredients then ammonia comes daily during the foamage. Deammoniation is done by blowing air the surface of latex it is being stirred.

## RUBBER PRODUCTS

(Part II)

ammonia latex does require deammoniation.

### FOAMING AND GELLING TECH PROCESS)

foaming is recommended for small production when miscellaneous of varying density colour are required. of part I of compound ed, strained and part II is added, followed fillers (clay, whiting rt III. It is advantageous to add fillers dry. The is then foamed by with wire cage whisk machine employed is to that of a cake mixer. featur of a beater is is necessary that the psh be travel through mics. Fast to create behind it. This void air, and a large bubble as the latex flows the top. Subsequent

rotations of the whip comminute this bubble so that it is reduced to a very large number of little bubbles. These air cells can be exceedingly even in size. This process of comminuting large bubbles to form small ones is continued until the desired expansion has been achieved. The last turn of the whip incorporates a few large air bubbles which usually work their way to the surface and discharge themselves.

When the desired degree of expansion (4—6 times the original liquid volume) has been achieved part IV (foam/gel stabiliser) is added. This is thoroughly mixed with the foam and immediately parts V and VI (the gelling agents) are added while the beating is continued at a very slow

speed in order to refine the foam or reduce the bubble size and this slow beating is continued until final mix is uniform. Mixing at this should be completed as quickly as possible. Careful control of the level of sodium silico-fluoride is important as the rate of gellation is also temperature dependent. On a warm day gellation may be fast. It may be noted that parts I and II may be combined into one operation.

The mix is rapidly poured into moulds which have normally been treated with release agents. In a well balanced latex foam mix the foam will require 5 mins. to set and thus can be regarded as the upper limit to the time which is available for transferring the mix from the bowl to the mould. The lids are placed in position and the moulds are left to stand for about 10 mins. to allow gellation to complete.

### FOAMING AND GELLING (CONTINUOUS PROCESS)

For high rates of production involving large quantities of products at a fixed density continuous foaming equipment using a mould conveyor system is normally used. In continuous foaming part I is mixed and matured or Part I, II, III are mixed and matured. Usually Part IV is added just before the latex compound is to be used. The compound is strained, pumped through the foaming head where air is injected into the latex stream and foamed. The foamed latex compound is then passed through a length of hose to a blender into which the dispersions of zinc oxide and sodium silico-fluoride are metered and mixed with foam. From the blender the fully compounded foam is discharged into moulds again by a flexible hose. By using two foaming heads and two blenders in the system the foam output may be switched from one to the other, thus allowing for cleaning without breaking the continuity of production.

### VULCANISATION

Foam products are normally vulcanised by heating in the mould in which they are formed. After the gelatin is completed the moulds are placed in hot water or wet steam at normal pressure at a temperature of about 100°C. for 25—45 mins. depending on the thickness of the article. Vulcanisation should follow gellation as soon as possible to minimise shrinkage.

### WASHING

After vulcanisation the moulds are cooled, the cured sponge is carefully removed and washed in cold water to

Contd on Page 8



# LATEX FOAM RUBBER PRODUCTS...

Contd from Page 7

## FORMULATION FOR LATEX FOAM

remove added soap and non-rubber constituents of latex. This washing may be assisted by passing the product between two rollers under the surface of a water bath—compressing down to about 12% of the original height.

### DRYING

Drying takes place in 2 stages. The article is first squeezed between rollers (or mechanical centrifuge) to remove water. It is then dried at 70°—80°C. in well ventilated rooms, and circulating air. The heat source could be obtained by steam pipes. Foam products should be kept flat always at drying as otherwise permanent distortion may result.

### MOULDS

Moulds for latex foam have no pressure to support and need strength only for routine handling and ability to withstand relatively low vulcanising temps.—in normal processes. Light aluminium alloy is suitable for this purpose. The covers which are not fixed for any other than handling reasons are pierced with vents to allow escape of air from the cavities during the closure of the mould. The designs should include cavities so located of such size that at no point does the actual wall thickness of the sponge exceed about 3/4 of an inch. The objectives to ensure adequate vulcanisation in the centre of the sponge, as the gel is a poor conductor of heat. This type of construction enables to manufacture cushions, mattresses etc. with honey comb appearance. When designing moulds allowance should be made for shrinkage of sponge on drying which usually amounts to 10—20% by volume.

PART I		Wet.	Dry.
60% concentr ated latex	...	167.0	100.0
50% sulphur	...	3.0	1.5
50% ZDC	...	1.5	0.75
50% ZMBE	...	1.5	0.75
25% non-staining antioxidant	...	4.0	1.0
20% potassium oleate (soap)	...	2.4	0.5
PART II			
20% potassium oleate (soap)	...	2.5	0.5 for cushion
— do — — do —	...	5.0	1.0 upholstery & matre ses
— do — — do —	...	7.5	1.5 pillows
50% sulphur	...	2.0	1.0
50% ZDC	...	0.5	0.25
50% ZMBT	...	0.5	0.25
PART III			
Filler-china clay, mica, whiting	...	—	20.0
PART IV			
5% Trimene base or Vulcanor EFA (foam/gel stabiliser)	...	2.0	1.0
PART V			
50% Zinc oxide	...	10.0	5.0
PART VI			
20% sodium silico-flouride gelling agent)	...	5.0	1.0

## SPECIFICATIONS FOR FOAM PRODUCTS ACCORDING TO BRITISH STANDARD SPECIFICATIONS

1. General conditions
2. Tolerances on length and width BS 3129—1959
3. Compression modulus (Hardness)
4. Loss in compression modulus after fatiguing
5. Tensile strength and elongation at break
6. Compression set
7. Heat-aging

### EMPLOYMENT

	Salary/Wages Per month
1 Manager	Rs. 750
1 Chemist	600
1 Assistant chemist	400
1 Clerk	250
6 Skilled workers c Rs. 8/- a day	960
5 Unskilled c Rs. 4/- a day	400
15	3,360

## The Employment Service...

Contd from Page 7

ves for establishing better job structures, personnel systems, and rate structure. Since other government departments and non government employers have use for such a system for their own purposes, it is often developed by groups other than the employment service and for other purposes but the same system can and should be used by all who have need for it regardless of where it was developed. Wherever it is developed the system should be designed to grow and develop as the economy grows and develops.

### 4. Employment Counseling

This function involves the development of techniques and methods (and collection of a substantial body of vocational information) which are designed to assist individuals in choosing their vocation or in solving other problems which affect their ability to get or hold employment. This function is concerned with providing advice and information so that workers choose and are trained for jobs which are both suitable and available to them rather than for jobs which either are not suitable to them or do not exist. For effective

performance this function relies heavily on interviewing technique developed for the placement function, occupational information produced through the occupational analysis and classification function and information on number and kind of job opportunities which result from the employment market information function. The employment service provides counseling services directly to persons in the active employment market. In addition it provides the information, tools and techniques to schools so that employment counseling may be done while students are in school to help in determining what training should be taken.

### 5. Industrial Services

This function is primarily one of assisting employers with their hiring and employment problems. The information, tools and techniques developed by the employment service for purposes of "placement," "occupational analysis and classification" and "employment market information" can be useful to employers (either government or private) in job classification, worker selection, job training, organization of work, labor relations, rate setting and person-

nel administration. Most employment services develop programs to make these tools, techniques and information available to outside employers as needed and to provide assistance in their application to the particular problems of the employer.

### Activities

In accomplishing the objectives and carrying out the policy of the employment service through performance of the common employment service functions just outlined, the employment services become involved in numerous different activities and operation of different special programs. These activities, and programs may vary from country to country and from time to time within the same country as they change to meet specific needs of the country.

The type of activity engaged in and emphasis of program tend to shift as the nation develops and economic conditions change. At the beginning emphasis may be on simply matching workers and jobs, selecting workers for work projects created to relieve unemployment, development of an occupational classification system, collection of employment market information for use of the national planning agency, or determining training needs and providing trainees for vocational training.

## PROFITABILITY STATEMENT

	Rs.	Rs.
<b>Sales</b>		
1,700 cushions of 3 sq.ft. each: 1 1/2" thick Rs. 10/- (allowing 5% for damages 1 sq. ft. lb. dry weight)	...	57,000
71,250 sq.ft. (2 1/2" thick) foam rubber sheets for upholstery Rs. 5/- a sq.ft. (allowing for damages: 1 sq.ft.—1-2/3 lbs.—dry weight	...	360,200
		413,200
<b>Deduct Variable Costs</b>		
Raw material mix 143,000lbs. (dry weight) Rs. 1/90 a lb.	...	271,700
Wages	...	11,020
E.P.F.	...	1,040
Electricity	...	3,000
B.T.T. W0 %	...	20,660
		307,920
<b>Contribution C/o</b>		105,330
<b>Deduct Fixed Costs</b>		
Salaries	...	24,000
E.P.F.	...	2,160
Rates and Taxes	...	1,100
Insurance	...	1,000
Repairs and Maintenance	...	1,000
General expenses	...	5,000
<b>Depreciation</b>		
Buldings 2 1/2%	...	1,000
Machinery & Equipment 10%	...	8,400
Other equipment & Furniture 20%	...	200
		9,600
<b>Net Profit before tax</b>		61,020

### EVALUATION

1. Return on capital employed ... 24.6
2. Payback period on total capital ... 3.5 years
3. Breakeven point ... Rs. 172,900
4. Profit/Volume Ratio ... .25
5. Percentage of net profit of sales ... 14.7%

### SPECIAL CONSIDERATION

This scheme would mean a further processing of a raw material available in the island. At present the problem faced with the owners of small holdings of natural rubber is the marketing of sheet rubber produced by them at a reasonable price. This scheme would provide a ready market and ensure a better income for these small holders.

rubber for upholstery. The output of the proposed scheme is priced low so that the retail price of a cushion would not exceed Rs. 12/- and a sq.ft. of the upholstery padding to be Rs. 6/-, so that the existing market could be expanded to incorporate the lower middle class income groups too. This scheme would also provide employment opportunities for 15 persons in rural areas.

Although foreign exchange will have to be allocated for the import of machinery and for a part of the raw materials, it is considered that the net gain would more than compensate foreign exchange expenditure.

Further it is considered that by manufacturing a quality product a considerable amount of foreign exchange could be earned to offset the diminishing returns from natural rubber in the world market.

### BENEFITS

The present retail prices of these products are relatively high e.g. Rs. 15/- a cushion and Rs. 8/- a sq. ft. of foam

**NOTE:** Rubber Research Institute will be able to offer preliminary training for persons interested in the manufacture of rubber products.

(AN IDB Study)

courses. As the economy develops more emphasis may be needed on employment counseling to direct workers into shortage occupations and essential industries where they are needed and in helping employers (government and private) in solving their employment problems created by the changing economy and more complex employment market. Later all or most of the activities engaged in earlier may be continued but emphasis shift to providing assistance to individuals and groups of workers most in need of employment assistance. All of the above activities and special programs, however, depend primarily on the capability of the employment service to perform the basic functions mentioned earlier and if it has the ability to perform those functions, it can readily shift to new activities and new emphasis of program as required by the changing demands of the nation.

Recently some employment services have begun the use of computers and related electronic equipment for employment service purposes. Some have used them primarily to speed up assembly, maintenance and distribution of job openings but others have initiated their use in actual matching of workers and jobs. These advances in equipment and technology, however useful, do not change the basic nature of the employment service operations and do not eliminate the need for technical knowledge of employment service operations. The same capability to perform the basic functions previously outlined is still required (although fewer personnel may be engaged in performing them) along with an additional new capability of translating methods and procedures into machine language. To date experience indicates that the best foundation upon which to build a computerized employment service is a successful existing employment service.



## FINANCE MINISTER'S MESSAGE

The present Budget and the Prime Minister's Package Deal were designed to meet a social and economic crisis of the first magnitude. The Five Year Plan spells out in broad perspective the level of performance demanded of the economy, if the present state of unemployment is not to deteriorate. In order to obtain a positive response from the broad mass of the people to the austerity measures that are a sine-qua-non of the development effort called for, my Budget proposals envisage a restructure of the economy on socialist lines.

The first priority which my budgetary proposals lay down is the drastic reduction in the level of Government expenditure. Such a reduction inevitably calls for a curtailment of social welfare expenditure and the level of consumption

generally. Last year too I emphasised the vital role that savings have to play in our national effort to rescue this country and its future generations from the prospect of growing misery.

We have also to save as much as we can of the foreign exchange spent on imported food items in order that we might import the necessary raw materials to keep our industries working at full capacity. The people have to choose today between making a sacrifice now and working hard for a more equitable and more productive form of society or continuing as we are, getting deeper and deeper into debt and postponing the day of decision to a time when our condition will be beyond rescue.

I am glad that the Economic Times decided to publish a



Dr. N. M. PERERA

Hon. Minister of Finance

Budget issue to spotlight the significance of the 1971-72 budgetary proposals.

## BUDGET ISSUE

### Some salient features of the Budget

- \* Specific levies have been billed for State Corporations and Boards, in accordance with their turnover and capacity to pay, to fill the gap in the tax structure of the country when the private sector is replaced by public institutions. This is expected to yield Rs. 100 million to the Exchequer.
- \* Imposition of a ceiling on income of Rs. 2,000 a month which means that an individual's income tax and wealth tax payments, including his compulsory saving's contribution would leave him with a disposable income of Rs. 2,000 a month. Capital levy will not be deductible in ascertaining disposal income as it is a once and for all capital tax.
- \* Compulsory Saving's Scheme extended for another two years at least. Single individuals whose income is less than Rs. 12,000 per annum will be exempt.
- \* Social subsidies have been sliced drastically.
- \* Urban landlordism will be gradually abolished. Slum landlords who exploit tenants would be eliminated. Each family would be entitled to one house in which it lives and an additional house irrespective of value. Further each member of the family will be entitled to a house. All houses over and above this limit will be taken over by the Housing Department.
- \* A scheme of compulsory manual labour for all public sector white collar workers which would apply to all grades from Permanent Secretary to clerks, including service chiefs.

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## BUDGET PROPOSALS 1971-72

### CONSTRUCTION SECTOR

The Territorial Civil Engineering Organisation which has been entrusted with the construction of minor irrigation works and the maintenance operations of all irrigation, highways, water supply, drainage and bridges, commenced operations from 1st March 1971. It could not, however, be properly set in motion till very much later because of the insurgency.

In 1970-1971, this Organisation has provided over 8,300 acres of new land with irrigation facilities and effected improvements to 7,600 acres of land with existing irrigation facilities. It has also maintained irrigation facilities in respect of 850,000 acres of irrigated land under major and minor schemes and over 15,000 miles of road in the Island. The Organisation has also provided employment opportunities for over 30,000 people, out of whom about 9000 are employed on a regular basis.

The State Development and Construction Corporation was established in March, 1971, with a view to undertaking major development projects such as river diversions, hydro-electric power projects, flood protection projects, irrigation and highway projects. Among the important projects the Corporation hopes to undertake in the near future are certain major items of work in the Mahaweli Development Programme and the Samanawewa Project.

In 1970-1971, irrigation facilities for 15,700 acres of new land were provided by the Department of irrigation. In addition, the rehabilitation of 124,000 acres under major schemes was undertaken by this Department. The construction work necessary for the implementation of Stage I of the Mahaweli Development Scheme commenced on 7th May, 1971 and work on the dam and the tunnel has been progressing satisfactorily during the year under review.

During the year 1970-71, five major bridges were constructed by the Bridges Division of the Department of Highways, and the Department of Water Supply and Drainage has completed the construction of seven major and rural water supply schemes.

In addition, investigations and designs have been completed for a further six water supply schemes. The extension of the 132 KV line from Anuradhapura to Chunnakam was completed by the Ceylon Electricity Board during the year under review. The grid stations at Chunnakam and Kilinochchi were also completed during this year, hereby connecting the Jaffna Peninsula with the national grid. The Maskeliya Oya Project Stage II 100 Mw Hydro-Power Station is now under construction and is scheduled to be completed by the end of 1973. Further progress was also made in rural electrification and a workload equivalent to 34 villages was completed upto July, 1971.



# BUDGETARY PROPOSALS: 1971-72

## Expenditure and Revenue

One major difference of the Budget of this year is that, unlike in previous years, the Estimates are for a period of 15 months from October, 1971 to December, 1972. Apart from that, the format of the Revenue Estimates and certain sections of the Estimates of Expenditure are different from the conventional layout.

A new aspect of the Revenue Estimates for this year is the adoption of a statement of total receipts of the consolidated Fund including proceeds from Government's borrowing operations. The statement of Revenue published in earlier years did not include a statement of borrowings, and to that extent the contents of the new classification are more comprehensive than earlier statements of revenue. The classification adopted in the statement of receipts broadly conforms to an economic classification, statistically related to a national accounting framework on which economic planning is based. This can, therefore, be considered as a part of the wider system of recording sectoral transactions of the economy as a whole.

As part of the effort to improve the system of public fiscal administration, reforms in budgetary classification aimed at establishing a more meaningful allocation of financial resources through a programme budgeting framework have been introduced to 17 Departments in the Ministries of Education, Finance and Health. The programme budgeting format seeks to present expenditure in terms which are more relevant to present day conditions. In its full development, it will be concerned with the evaluation of administrative performance, the promotion of efficiency and economy in the use of resources through the application of sound management techniques, and the facilitation of the achievement of development goals.

### Instruments of Management

The programme budgeting format seeks to emphasize the primary function of the budget as an instrument of management, without in any way diminishing the importance of financial accountability. It also seeks to provide a mechanism for better decision making both in the authorisation of funds and in their management by executives at all levels, and to provide a more rational basis for directing and controlling Government spending.

With the experienced gained in operating the programme Budgets in three Ministries in 1971-72, it is contemplated that the system would be progressively extended to other Ministries and Departments.

### Expenditure

Total voted expenditure for 1971-72 is Rs. 6,039 million, representing a sum of Rs. 4,173 million of expenditure chargeable to recurrent votes and Rs. 1,866 million for capital expenditure including a

sum of Rs. 384 million for Sinking funds and amortisation payments. Of the Rs. 4,173 million allocated for recurrent expenditure, Rs. 1,613 million or 39 per cent is expenditure to be incurred in respect of personal emoluments. The gross food subsidy accounts for Rs. 823 million or 20 per cent while interest payments on public debt on account of both domestic and foreign loans account for Rs. 484 million (12 per cent). Pensions account for Rs. 286 million (7 per cent) while FEEC payments including payments for certain imports on which there is Government support, account for Rs. 113 million (2 per cent). The balance Rs. 854 million or 20 per cent accounts for all the other items incurred under recurrent expenditure will be fully utilised during this 15 month period. This is particularly so because the first three months are worked on vote on account which precludes new appointments or new expenditure, not supported by a supplementary estimate. It is, therefore, usual to allow for a certain percentage of under-expenditure on these votes. When adjusted for under-expenditure at 3 per cent, net recurrent expenditure for the 15 month period in 1971-72 is Rs. 4,048 million.

### Revenue

Revenue at pre-budget rates of taxation is estimated at Rs. 3,818 million, reflecting an 8 per cent increase over the revised estimates for the corresponding period of 1970-71. The additional revenue that would accrue from the changes in the tobacco tax and the business turnover tax on the manufacture of a Super and Ordinary grades of petrol announced on 27th October, 1971, has been included in this estimate. The tobacco tax was raised by Rs. 5/- per lb. and is estimated to yield Rs. 35 million and the price increase in petrol will yield another Rs. 40 million in the period upto December, 1972. Apart from these, the other major change over the revised estimates for 1970-71 is the inclusion of the profits from the food sales as a revenue item, as against the earlier practice of netting out such profits against the loss on subsidised food items to determine the net food subsidy as an item in recurrent expenditure.

The excess of voted recurrent expenditure over revenue is therefore Rs. 230 million. Together with the provision of Rs. 125 million to meet extra budgetary payments on food purchases in 1970-71 on foreign suppliers' credits and other net outpayments on advance accounts, the total current account deficit that requires financing is Rs. 355 million.

### Capital Expenditure

Total capital expenditure excluding the provision of Rs. 384 million for Sinking Fund and amortisation payments is Rs. 1,482 million. Investments in agriculture and industry account for 43 and 13 per cent respectively of this provision. Allocation for economic overheads (Transport, Port and Post & Telecommunications) is 21 per cent and social service overheads account for 16 per cent. Other administrative overheads including defence account for the balance 7 per cent of the provision under Capital Votes. As the case of recurrent expenditure, it is usual to allow for a certain percentage of under-expenditure. If an under-expenditure of 20 per cent is allowed on capital votes, total capital expenditure net of this under-expenditure but including Sinking Fund contributions and amortisation payments is Rs. 1,570 million.

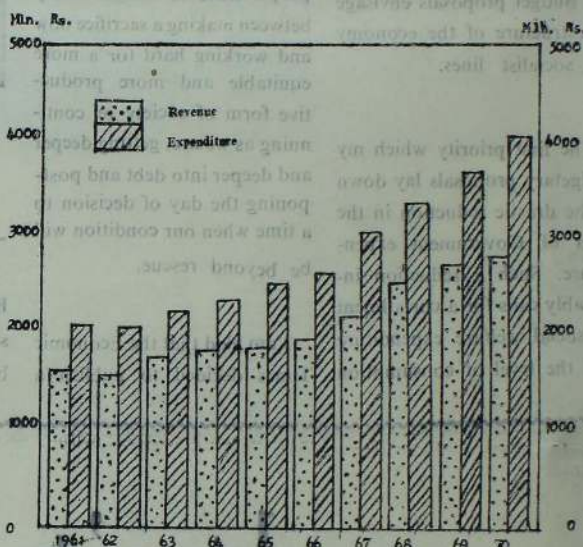
As mentioned earlier the current account deficit is Rs. 355 million. Consequently, the total budget deficit that requires financing is Rs. 1,925 million.

## BUDGET ISSUE

The revenue and expenditure implications of the various proposals will yield Rs. 412 million.

Accordingly, the impact of these proposals over the rest of the financial year would convert this deficit of Rs. 355 million into a surplus on current account of Rs. 57 million. The overall budget deficit requiring financing would also be correspondingly reduced from the figure of Rs. 1,925 million to Rs. 1,513 million.

## Government Revenue and Expenditure



## BRIDGING THE GAP

	Rs. Million	Rs. Million
Estimated Expenditure	...	6,039
Deduct 3 per cent savings on recurrent expenditure and 30 per cent savings on capital expenditure	...	421
Add extra-budgetary payments on food purchases	...	125
Net Expenditure	...	5,743
Deduct estimated revenue	...	3,818
Deficit	...	1,925

### BUDGETARY PROPOSALS

Abolition of the tree tax system	10
Turnover taxes	15
Revision of postal charge	10
Hospital charges	10
Additional collections to income and turnover taxes from pawnbrokers	10
Additional collection on account of licences fees from pawnbrokers	...
Change in the price of flour *	125*
Change in the price of sugar *	131*
Change in the price of the second measure of rice	100
Deficit still to be bridged	1,513
Amount to be raised from domestic non-bank market sources including additional compulsory savings due to the operation of the ceiling on incomes	640
Project loans and grants	162
Commodity aid and counterpart funds	500
Unused balance from the currency loan of Rs. 150 m. from the People's Republic of China	50
Issue of Treasury Bills	161
	1,513

With the subsequent restoration of the pre-budget price of flour and the increase of the sugar ration by 1/4 lb. a total shortfall of Rs. 90 million is estimated. Alternative measures will be introduced to wipe out this deficit in revenue.



# EXTERNAL TRADE AND THE BALANCE OF PAYMENTS PROBLEM

The emerging balance of payments situation for 1971 hardly leaves any room for complacency. According to the latest estimates of our balance of payments out-turn for 1971, the value of our merchandise exports is estimated at Rs. 1913 million on an exchange recorded basis as compared with the original estimate of Rs. 2000 million mentioned in the last Budget Speech.

Although tea prices have shown a slight improvement at the Colombo Auctions, due to the entering of certain buyers who are not regular customers, there has been no similar improvement at the London Auctions. The volume of tea exports is expected to reach a level of 442 million lbs. and at an average f.o.b. price of Rs. 2/45 per lb. is expected to earn Rs. 1083 million. The price of rubber has reached extremely low levels and for the next few months is not likely to improve substantially. Accordingly, at an average f.o.b. price of Rs. 1/- per lb. and an export volume of 340 million lbs, earnings from rubber are expected to be in the region of Rs. 340 million. The steps taken by the United States Government in defence of the Dollar are also likely to have a disturbing and possibly depressing effect on commodity markets. Accordingly, total earnings from coconut products are expected to be in the region of Rs. 290 million while other exports, excluding bunker earnings, are expected to yield Rs. 200 million. Thus all things considered, there is no prospect of export proceeds surpassing the 1970 level.

The Ministry of Planning & Employment in its preliminary forecast for 1972, estimate the value of merchandise ex-

ports to be Rs. 1956 million. This estimate is based on the assumption that the average f.o.b. price of our principal export products would not decline any further. Since the value of merchandise imports is expected to be in the region of Rs. 2197 million, the ensuing deficit on the merchandise account would be Rs. 241 million. Transaction on current invisibles including earnings, envisage a net payment of Rs. 23 million; the major items being interest remittances (Rs. 9.8 million), remittances of profit and dividends (Rs. 40 million) and miscellaneous expenditure (Rs. 100 million). The sum total of transactions on these two accounts which represent the current account deficit of our balance of payments would therefore be Rs. 264 million.

The value of merchandise imports for 1971, estimated in the Budget Speech last year, was Rs. 2084 million. However, in the course of its year, it was realised that it was not possible to reduce the level of imports drastically from the 1970 level of Rs. 2336 million without causing tremendous hardship. The general upward trend in prices of raw materials as well as manufactured goods which was mentioned earlier, has shown a sharp increase within the last two years, so that even if the volume of imports was kept well in check, price escalations alone will make it difficult to effect a substantial reduction in value. Taking all these factors into consideration the value of merchandise imports is now estimated by the Ministry of Planning at Rs. 2400 million or Rs. 64 million more than in 1970. The ensuing trade deficit of Rs. 487 million, which excludes bunker earnings shown as a credit item in the services account, is therefore, Rs. 162 million higher than that of the previous year. When

the deficit in the services account of Rs. 35 million and repayments on capital account of Rs. 911 million are added, the total resource gap requiring financing will be approximately Rs. 1433 million. This compares with a financing gap of Rs. 1124 million in 1970 and Rs. 1235 million the year before. The main sources for financing the resource gap in 1971 are short-term credits (Rs. 672 million), Commodity Aid including a currency loan of Rs. 150 million from China (Rs. 500 million), and facilities under the special Drawing Rights (Rs. 66 million). These financing arrangements also should enable us to improve our external banking position by about Rs. 66 million. Nevertheless, there has been no real improvement in our balance of payments position. What has happened is that we have substituted short-term commercial credits for Central Bank borrowings.

Total payments in the capital account in 1972 are estimated at Rs. 697 million. In the case of the I.M.F., gross repayments would amount to Rs. 16 million as compared to Rs. 139 million in 1971. Repayments on account of commodity and project aid would be Rs. 110 million, while our commitments on suppliers' credits are estimated at Rs. 74 million. Provision has been also made for the repayment of short-term trade credits amounting approximately Rs. 347 million, which is the amount likely to be outstanding at the end of 1971.

The emerging picture of the balance of payments position at the end of this year and its likely outcome in 1972 should not leave us with any illusions about the fundamental problem that has beset our economy for more than a decade. I have already shown that the deficit on our current account was Rs. 843 million in 1969, Rs. 468 million in 1970, is Rs. 487 million in 1971 and under the most optimistic conditions is likely to be Rs. 264 million in 1972. Continuing and persis-

## BUDGET ISSUE

ent deficits on current account mean quite simply that we are living beyond our means as far as the international community is concerned. This House would undoubtedly support the statement that a reduction and elimination of this deficit is not only right and proper but will also enable us to take our proper place with pride in the international community.



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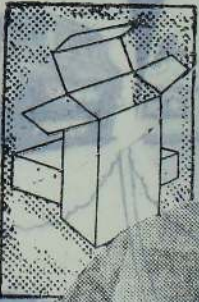
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# Bridging the gap: "Haves" should meet the major burden

Governments come and Governments go; and every year more or less towards the latter part of it the masses speak of a budget, a vital policy instrument, on which the peace, prosperity and happiness of the Nation depends upon. The Maestro in this exclusive act, the Finance Minister, whips out his Pandora Box and springs the secrets of Taxation. It is the general opinion that this time the Budget was thoughtfully worked out on a Socialist pattern where rich and poor alike have been called upon to make sacrifices in the interests of Nation building.

Says

**J. D. L. ABEYAWICKRAMA**  
President, Small Industrialist's Association of Ceylon

ever expectantly, that they are on the threshold of the "Promised Land" with no more disparities full employment, no more starvation; no more conditions of dwelling in slums, with the supreme hope that they would be able to live in dignity. Nevertheless, their aspirations in given circumstances, generally do not coincide with economic objectives.

In the present Budget it is felt that the poor should have been excluded from the burden of meeting deficits by taxing them on the very issues on which their survival revolved on.

It is certain that if the methods of Taxation were graded, no one would have grudged. The richer classes should have been brought strictly in line to meet the major part of the burdens of Taxation. In respect of the ration on sugar it is obvious that the poor man, with his meagre earnings, would be in no position to obtain by payment of one lump sum the sugar that is given him on rations. The middle class too are adversely affected as a result of this rationing and selling off ration sugar at Rs. 1-50 per lb. Moreover, it is a common fact that the poorer classes of the populace even go to the extent of pawning their ration books for the sake of keeping themselves alive on a week's issue of rations. Even the modest village girls are compelled to adopt the mini-dress, contrary to our accepted standards of

culture, due to the high price of cloth and its non-availability at most-times. Even the eradication of slum conditions in which they squalor in misery barely keeping their soul and bodies together, should be taken into consideration. Considering even the problems of the middle class, this sector too find that it is impossible to rent a decent house at economical rent and are compelled to forego many essential needs just to meet the exorbitant rents unscrupulously squeezed out by wealthy landlords. In this context the decision to eliminate landlordism will be very welcome.

## BUDGET ISSUE

In the light of the above, it is very essential that graded taxation is enforced, even in the next Budget, where existing disparities and sufferings will be to some appreciable extent alleviated by calling upon those who are in an indisputable position to meet the major burden of taxation ungrudgingly and in a humane point of view.

## UNEMPLOYMENT PROBLEM...

(Contd. from page 1)

Medium Term Plan

*In short, the emergence of chronic large-scale unemployment was due to the interplay of non-complementary forces in the form of on the one hand the fast growing population and the inertia of the economy on the other.*

A secondary cause for the large scale unemployment in Ceylon now, especially among the educated youth of this country is the adherence to a conventional education system. No concentrated attempt was made in the past to reform the educational system of the country so as to make it more purposeful in the context of a planned economic growth. The education system was at no stage geared to the needs of planned economic development and therefore the prevalence of large scale unemployment among the educated youth is reflection of the dilemma created by a low rate of economic growth which does not permit the absorption of an accelerating output of a conventional education system. Besides, the nature and type of education imparted, resulted in a serious distortive attitudes and aspirations which have in large measure turned the country's youth away from economic activities in the rural areas in search of new scarce urban white collar jobs.

### Rising trend

The various census and survey figures show that in the recent past unemployment in Ceylon appears to have remained in the vicinity of 450,000 for nearly a decade. The picture disclosed shows that the estimates of the number of unemployed have varied from about 350,000 to 550,000 representing a proportion between 10.5 and 13.5 of the labour force. Undoubtedly the recent surveys have indicated a rising trend in unemployment. If the unemployment rates from the labour force surveys (second round) and the socio-economic survey (first round) are treated as indicating the range of variation, the estimates for 1971 give a low limit of 529,000 and an upper limit of 587,000. These estimates are also corroborated by an independent set of estimates of those unemployed based on output - employment relationship. According to the latter exercise unemployment in Ceylon would be of the size of 554,000 in 1971.

The new Medium-Term Plan for 1975/76 gives the highest priority to employment creation. It is estimated that the labour force would increase from 4.486 million in 1971 to 5.209 in 1976, thus adding 723,000 new entrants during the five year period. With the backlog of unemployment at 550,000 this makes the total task of employment creation at the size of over 1.27 million.

On the assumption that by 1976 the level of unemployment should not exceed 4 per cent of the labour force, it has been estimated that at least one million jobs should be created during the period 1972-76. The employment potential of the Medium-Term Plan has been estimated to be 793,000 divided as follows:—

agriculture	285,000
Industry	138,000
Construction	60,000
Infrastructure and Service	310,000

In addition, a special programme in productive activities is being prepared with which about 250,000 youth would be associated.

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# MANAGEMENT

## JOB ENRICHMENT

The most common theme of complaint heard in job-enriched plants is that there should be, but often is not, more pay for more responsibility and more production. A machine operator at the Texas Instruments plant in Attleboro, who was consulted by engineers throughout development of a new machine she was to run, was pleased to be brought in this way. I'm very satisfied, because I like the machine and I'm good at my work," she says. However, the job (pay) grades aren't high enough for what I'm doing. I used to produce 8,000 parts a day, and now with the new machine I produce 15,000 a day, and they haven't changed the grade level."

### Management's delights

The benefits that cascade out of the job-enrichment cornucopia far outweigh the drawbacks. One dividend that might seem surprising but is in fact quite logical is improved performance at the executive level. "It puts tremendous pressure on the organization for better management," John Donnelly says, "because the man on the machine has

a firsthand view of management mistakes, and if he is given" a chance to talk about it, he will. As a result, Donnelly says cheerfully, his company "has a much better 'board of directors' than it ever had before." After bringing production workers into more direct involvement with management, Donnelly was obliged, among other things, to revise its sales forecasting. The workers pointed out that "the forecasts were no reliable" Donnelly said, "so we put some of our executives through management-training programs."

With each employee doing more, and paying closer attention, there are often immediate dividends from eliminating unnecessary jobs. Inspectors and quality-control people are frequently among the first to be rendered superfluous. Quality-control personnel have been reduced from 10 to seven at the Corning plant in Medfield since 1968, although sales are almost double what they were before. Rejects in the instrument department dropped from 13 percent to 6.5 percent between 1968 and 1970. When inspection procedures were re-

examined, it was found that certain of them could be completely eliminated. In one tedious, time-consuming inspection procedure, initiated years earlier, not a single defect had been found over a two-year period. Delegating authority has allowed reduction of top-level production supervisors at the Corning plant from four to two. The savings this kind of cut brings are handsome indeed.

At the Barry factory, where there were 20 inspection people, only five are needed now. All 15 line inspectors have been eliminated, and yet the number of rejects has been cut in half. "Before, you had to work so fast; now there is more time to look at your work and do it well," says Dorothy Allen, 22, a machine operator. Still another advantage is the reduction in machine repairs. Since introducing teams, Barry ring has been able to cut the number of maintenance mechanics at its down town Columbus plant from six to four, because the women are more careful with the sewing machines. A grinding-machine operator at Donnelly says, "A lot of it is knowing your own machine and how to take care of it. And you take better care of it when you are responsible for it."

Perhaps the most important benefit of all is simply the change in atmosphere that characteristically occurs when job enrichment is attempted. The plant floor becomes a

strikingly different place from the days when the work was a daily grind.

### Maturity of youth

This atmosphere has a special appeal to young workers, for understandable reasons. In the more open and more democratic kind of plant, young people get a fairer hearing, feel they are not "put down" simply because of their youth. Says William Lane, a 24-year-old technician at Corning: "I don't have any trouble talking with any one here. A few years ago a person didn't get recognized unless he'd been with the company many years. Now you get recognized. It's in people's minds that you're doing something, that you're thinking."

Another Donnelly worker, Ronald Kolean, 25, who runs a glass grinder, says, "Young people here are very satisfied. Just because you are young and out of school, management doesn't look down on you as just a cocky teenager. They have just as much respect for any employee, regardless of age." Looking at the potential of youth from the managerial side, Edwin Land said, "Our policy has always been to reflect faith in the maturity of youth as early as possible.... It's the putting off of faith in the maturity of young people that causes trouble."

Improving production jobs, and the climate in which they are performed, can help a company serve the profound needs of the human beings working for it and the society in which it exists. In an era of increasing doubt about the validity of the usual corporate goals—doubt that has sharply reduced the desire of young people to enter business—making jobs better and more responsive to men's wants and ambitions becomes social service of a high order. Inventor-philosopher-executive Edwin Land expresses the aim well. "It is a wonderful phenomenon to see people serving a cause and working together to share a task. It is only through a unifying purpose that interpersonal aggressiveness and destructiveness can be subordinated."

Helping people to work together rather than in solitary competition, and to work together at more rewarding jobs

Job enrichment means making production jobs more satisfying to workers and improving the atmosphere of the factory—this can bring more profits to the company as well as benefit society as a whole. (Courtesy Horizons)

—these are objectives that will attract idealistic younger workers. Encouraging participation rather than rote learning, replacing ritual obedience with a sense of self-control—these are approaches that without question will benefit any companies that dare try them. Job enrichment can not only bring present profit, it can enhance the likelihood of constructive growth for the corporation, and for the society in which it functions.

(CONCLUDED)

## Rubber Report

Contd from Page 2

### Latex Crepe:

There were 754 tons of Latex Crepe on offer at the two sales held during the week showing an increase of 498 tons on the previous week's figure. At the opening sale there were 1,135,004 lbs. of Latex Crepe on offer. Despite the large quantity, the market opened strong at previous levels and improved as the sale progressed with the Pale Crepes moving up 1 to 2 cents and the duller sorts and off grade types gaining 1 to 3 cents. The announcement of the rupee linkage to the US dollar and the consequent floating of the rupee against other currencies except the Indian rupee, was reckoned to have influenced the market at this sale, and values reverted to more realistic levels at the sale (554,449 1/2 lbs) when the market opened fractionally easier and recorded a further decline at the close. Pale grades lost 1/2 to 1 1/2 cents while the impact of the easier tendency impact of the easier tendency was somewhat irregular on the lower grades.

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# THE ECONOMIC TIMES

Editorial Department

Tuesday 16th November, 1971

(1st Floor), 157, Jayantha Weerasekera Mawatha, COLOMBO 10.

## THE BUDGET AND AUSTERITY

THE EAGERLY AWAITED BUDGET OF THE UNITED FRONT GOVERNMENT HAS GIVEN EVERYONE MORE THAN A FEW JOLTS. IN THE PREVAILING ECONOMIC SITUATION OF THE COUNTRY THE FINANCE MINISTER WAS CONFRONTED WITH A HERCULEAN TASK — HE HAD TO ENSURE SOCIAL JUSTICE ON THE ONE HAND AND TO RESUSCITATE THE ECONOMY AND ENSURE ACCELERATED ECONOMIC GROWTH ON THE OTHER. THUS THE MEASURES INTRODUCED HAVE BEEN HEAVILY WEIGHTED IN FAVOUR OF ECONOMIC SANITY, WHILE POLITICAL EXPEDIENCY HAS BEEN THROWN TO THE WINDS. AND THIS IS THE MOST WELCOME ASPECT OF THE BUDGET.

AS FAR AS BUDGETARY STRATEGY IS CONCERNED THE 1971-72 BUDGET IS SIMILAR TO THE PREVIOUS ONE. THE EMPHASIS IS ONCE AGAIN ON SAVINGS AND INVESTMENT WITH CONTINUED DEPENDENCE ON FOREIGN AID. THE BUDGET MAY APTLY BE DESCRIBED AS DEVELOPMENT AND EMPLOYMENT ORIENTED. THE SUCCESS OF THE BUDGET WILL DEPEND LARGELY ON THE EFFICACY OF THE FIVE YEAR PLAN WHICH IS ENCOMPASSED IN IT. THE AVAILABILITY OF FOREIGN EXCHANGE FOR THE IMPLEMENTATION OF THE VARIOUS DEVELOPMENT PROJECTS WILL BE THE DECISIVE FACTOR.

THE SUCCESS OF THE FINANCE MINISTER'S STRATEGY WILL ALSO DEPEND TO A CONSIDERABLE EXTENT ON REDUCING THE PROPENSITY TO CONSUME AS AGAINST THE PROPENSITY TO SAVE. IT IS WITH THIS END IN VIEW THAT THE FISCAL AND MONETARY MEASURES HAVE BEEN INTRODUCED. IT IS HOPED THAT IN ADDITION TO COMPULSORY AND VOLUNTARY SAVINGS "FORCED SAVINGS" RESULTING FROM AN INCREASE IN THE GENERAL PRICE LEVEL WOULD ACCRUE AND FINALLY BE CHANNELLED FOR DEVELOPMENT PURPOSES.

GOVERNMENT EXPENDITURE CONTINUES TO RISE RATHER ALARMINGLY AND THIS COULD WELL HAMPER THE DEVELOPMENT PROCESS. THE REVISED BUDGET DEFICIT FOR 1970-71 SHOWED AN INCREASE OF RS. 247 MILLION OVER THE ORIGINAL ESTIMATES. THIS CONSTITUTES AN INCREASE OF RS. 193 MILLION ON EXPENDITURE AND A SHORTFALL OF RS. 54 MILLION IN REVENUE. IT IS THIS DANGER THAT THE FINANCE MINISTER WILL HAVE TO GUARD AGAINST. IF THE 1971-72 BUDGET TOO GETS OUT OF GEAR IN THIS MANNER THE PROSPECTS OF ECONOMIC GROWTH WILL QUITE NATURALLY RECEDE.

WHILE IT HAS BECOME IMPERATIVE FOR THE FINANCE MINISTER TO INTRODUCE SOME HARSH MEASURES THERE ARE SOME SALIENT FEATURES IN THE BUDGET, SUCH AS THE ELIMINATION OF URBAN LANDLORDISM THAT COULD BE A BOON TO A GREAT MANY.

THE NEXT FIVE YEARS COULD BE VERY CRUCIAL TO THE NATION. GOVERNMENT WILL NEED THE ACTIVE CO-OPERATION OF THE PEOPLE. ECONOMIC PROSPERITY WILL DEPEND LARGELY ON THIS VITAL FACTOR. IF THE PEOPLE FAIL TO PAY HEED TO THE CLARION CALL FOR AUSTERITY AND INCREASED SAVINGS THE FINANCE MINISTER'S STRATEGY WOULD HAVE NO MEANING. WE HOPE THAT HIS DEVELOPMENT STRATEGY WOULD SUCCEED.

## Rate of growth slows down

The economy experienced a slowing down in the rate of increase in the Gross National Product (GNP) in 1970.

At constant (1959) prices the G.N.P. has been provisionally estimated at Rs. 9695 million representing a Rs. 379 million or 4.1 per cent increase over the G.N.P. of the previous year. This compares with an increase of 5.1 per cent in G.N.P. at constant prices in 1969. Allowing for a population increase of 2.1 per cent in 1970, per capital output rose by only Rs. 15 or 2 per cent in that year.

The lower rate of growth in 1970 reflects an estimated fall in the rate of growth of all sectors — except that of agriculture.

In the course of his Budget Speech the Finance Minister stated:

"Because of the importance of exports and imports, the estimates of G.N.P. must be adjusted for movements in the terms of trade in determining the level of the National Income for 1970. Ceylon's terms of trade declined by all most 4 per cent last year.

Ceylon has suffered a loss of income of Rs. 903 million or almost 10 per cent of our G.N.P. When valued in terms of 1959 prices, the prices prevailing in 1970 have caused a loss of Rs. 576 million for tea, Rs. 253 million for rubber, Rs. 40 million for coconut products and Rs. 34 million for other products.

The effect of this adverse movement on our import capacity can be appreciated when it is seen that any attempts on our part to improve the balance of payments position by cutting down imports are virtually nullified by price escalations of our imported commodities. The general upward trend in the prices of the raw materials as well as manufactured goods, consequent on the inflationary trends in developing countries, makes it extremely difficult to effect substantial reductions in the value of imports, even if the volume is kept well in check.

A mid-year preliminary forecast worked out by the Central Bank, which has taken account of these factors, estimate that G.N.P. at constant prices would now increase at a lower rate approximating 1 per cent in 1971. In absolute terms, this amounts to a loss of approximately Rs. 400 million over our expectations of the growth rate for 1971 as envisaged last year. If a population increase of 2.2 per cent is allowed for in 1971, there would be a negative per capita rate of growth of approximately 1 per cent this year.

## FIRST HUNGARIAN SHIP CALLS AT COLOMBO

Standing majestically at the Port of Colombo was M.V. 'Hungaria' the first Hungarian cargo liner to call here since the Second World War.

M.V. 'Hungaria' which called here on November 11, brought a cargo of 1,000 tons of yellow peas consigned to the C.W.E. from Messrs Agrinpe, Budapest. The entire consignment which arrived here in perfect condition was packed in special airtight polythene bags. This was the first time that Ceylon had imported yellow peas in this form of packing unlike in the conventional jute hessian bags.

The captain of the vessel, Mr. Ivan Edelenyi was full of praise for the local agents Messrs Free Lanka Trading Company, whom he said were doing a wonderful job. He was extremely satisfied with the loading and unloading arrangements at the port.

However, he felt that if the Port authorities had accommodated her alongside it would have greatly facilitated loading and unloading arrangements.

Mr. J. Justin, joint Managing Director of Messrs Free Lanka Trading Company said that preliminary arrangements

were now underway to make M.V. 'Hungaria' and her sister ship M. V. 'Bupapast' also of the same capacity (6,000 tons) call here regularly.

On her homeward journey M.V. 'Hungaria' will carry a cargo of 1,750 tons of copra and a consignment of graphite on behalf of the newly formed Graphite Corporation to be unloaded in Bombay.

From Colombo she would next call at Cochin, Bombay and finally Iran before going back home.

### Fully equipped

A look round the ship besides enabling us to have a word with the 30 member Hungarian crew, also afforded us an opportunity to view the interior of Hungary's most modern vessels.

Fully air-conditioned, she is equipped with separate cabins for hospitals, infantry, surgery, bakery etc. The most novel feature of the ship is that it is equipped with a modern automatic hatch known as the McGregor System. Under this system the hatch of the ship opens automatically and no labour is thus involved as a result.

## Another flour mill soon?

The Ministry of Industries has plans to set up a second Flour Mill in the Country as the first mill had proved to be a great success. This was disclosed last week by Mr. T.B. Subasinghe, Minister of Industries and Scientific Affairs at the opening of a new Sales centre.

Mr. Subasinghe further said that it was the enthusiasm and the duty consciousness of all corporation employees which had enabled the flour mill to be such a success. Australia too had helped us in a great way to make this venture a success.

### Consumer protection

Mr. Subasinghe said the prime aim in the setting up of this type of Sales Centres was to protect consumers from blackmarketeers and profiteers. Whatever action

the Government took towards eliminating unscrupulous traders would be of no avail unless there was mass support for that endeavour, he said.

Two factors had contributed to the rise in prices of goods. They were the drastic cut in imports on the one hand and the diminishing of our own production capacity on the other.

The inconveniences people had to undergo were of a temporary nature and would be overcome once we attained our goal of socialism.

Mr. W. M. Nandasena, Chairman of the State Flour Milling Corporation said the Corporation had received several complaints that its flour packets meant to be sold at 60 cents each were being sold by certain traders at Rs. 1-20 each.

The new Sales Centre would therefore enable customers to purchase their requirements at the correct price.

## RUBBER EXPORTS DROP

RUBBER PRODUCTION in Ceylon during January/August 1971 totalled 90,038 tons compared to 101,757 tons during the corresponding period in the previous year, a substantial decrease of 11,719 tons.

CONSUMPTION OF NATURAL RUBBER during January/August, 1971 was 2,930 tons compared to 2,263 tons during the corresponding period in the previous year, an increase of 667 tons.

ACTUAL EXPORTS OF RUBBER during January/August, 1971 was 93,951 tons compared to 102,963 tons during the corresponding period in the previous year a substantial decrease of 9,912 tons.